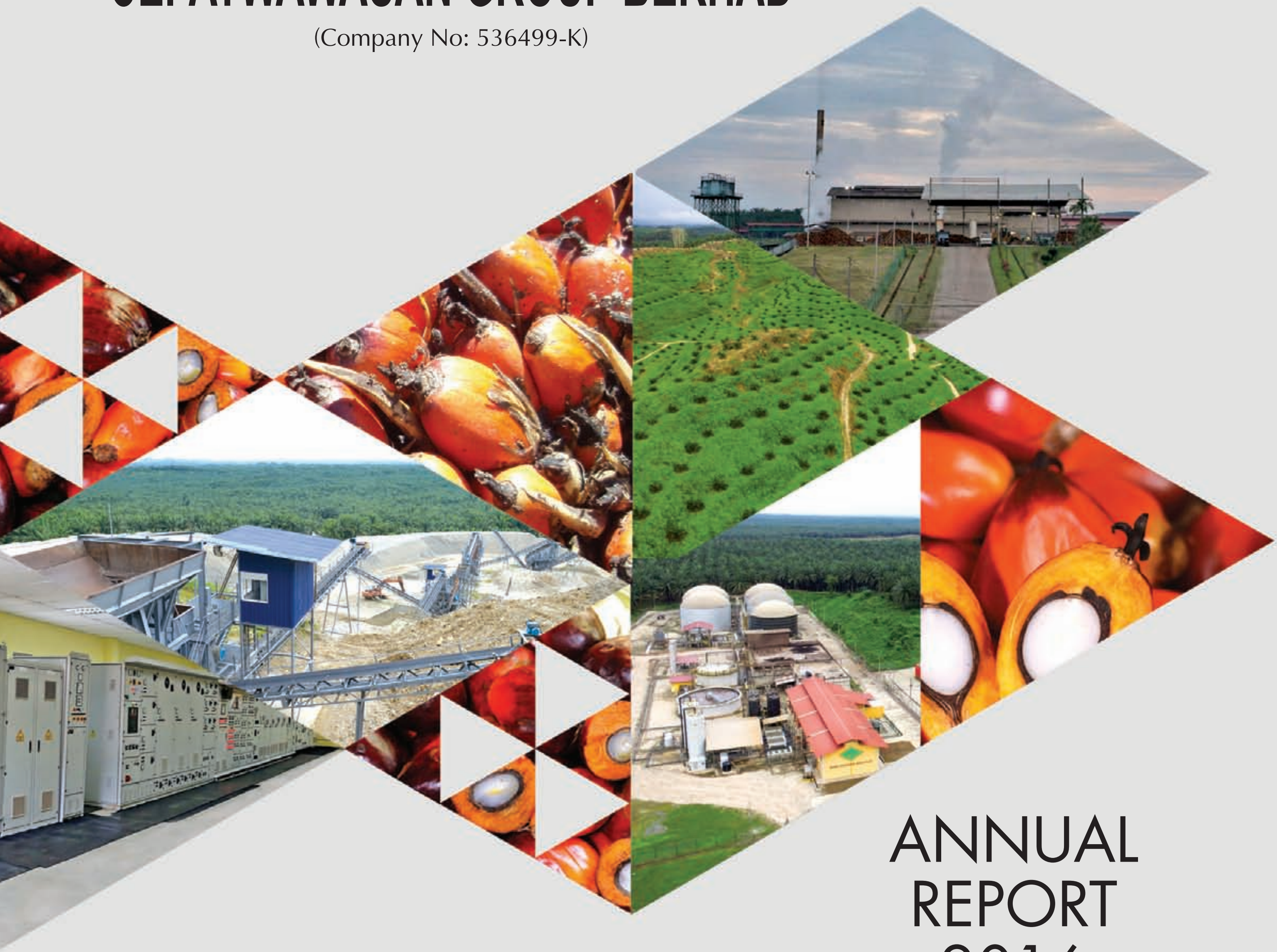
CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)



ANNUAL REPORT 2016

CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

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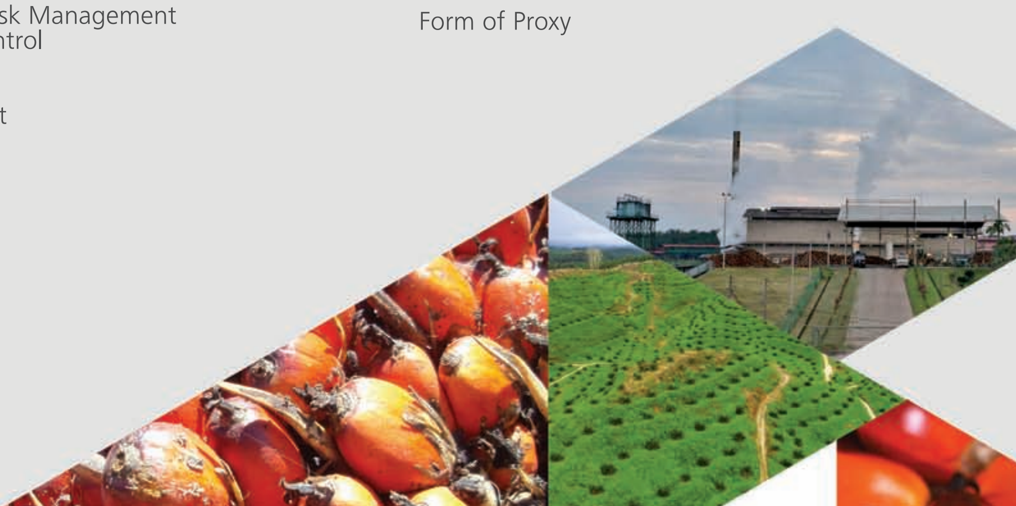


Notice of The Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 17 May 2017 at 11.00 a.m. for the following business:

AGENDA	**Ordinary Resolution No.**
1. To lay the audited financial statements of the Company for the financial year ended 31 December 2016 together with the reports of the directors and auditors.	
2. To re-elect Dato' Seri Mah King Seng retiring in accordance with Article 76 of the Company's Constitution.	1
3. To re-appoint Mr. Chan Kam Leong as Director of the Company.	2
4. To re-appoint Mr. Choong Pak Wan as Director of the Company.	3
5. To appoint auditors and to authorise the Directors to fix their remuneration.	4
6. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:	
AUTHORITY TO ALLOT SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."	5
7. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:	
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	
"THAT subject to the Companies Act 2016 ("Act"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("Shares") through Bursa Securities, subject to the following:	
(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;	

Ordinary Resolution No.

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM; or

(ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt in the following manner as the Directors of the Company may decide:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders;
(v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;
(vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme;
(vii) transfer the treasury shares, or any of the shares as purchase consideration; or
(viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." 6

Notice of The Seventeenth Annual General Meeting (cont'd)

Ordinary Resolution No.

8. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

   APPROVAL TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR

   "THAT Mr. Chua Kim Yin who has served the Board as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 21 July 2005 be and is hereby retained as the Senior Independent Non-Executive Director of the Company." 7

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya

21 April 2017

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 9 May 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
(b) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend, speak and vote at the same meeting. A proxy may but need not be a member of the Company.
(c) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.
(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.
(f) Form of Proxy sent through facsimile transmission shall not be accepted.

Explanatory Note

- **Resolution No. 2 and 3**

  With the coming into force the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

  At the Sixteenth Annual General Meeting of the Company held on 26 April 2016, both Mr. Chan Kam Leong and Mr. Choong Pak Wan, who are above the age of 70, were reappointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the Seventeenth Annual General Meeting. Their term of office will end at the conclusion of the Seventeenth Annual General Meeting and they have offered themselves for re-appointment.

  The proposed Ordinary Resolutions 2 and 3, if passed, will enable both Mr. Chan and Mr. Choong to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

- **Resolution No. 5**

  The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the total number of issued shares of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

  As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Sixteenth Annual General Meeting held on 26 April 2016 and which will lapse at the conclusion of the Seventeenth Annual General Meeting.

  The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

- **Resolution No. 6**

  The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 21 April 2017 which is despatched together with Company's Annual Report 2016.

Notice of The Seventeenth Annual General Meeting (cont'd)

- **Resolution No. 7**

  The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Chua Kim Yin who has served as Senior Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Independent Director of the Company based on the following justifications:

  a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
  b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;
  c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and
  d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Tan Sri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent & Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

AUDIT COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road,
90000 Sandakan, Sabah
Tel: 089-272 773
Fax: 089-272 772, 220 881,
221 494
E-mail: pa@cepatgroup.com
Website: www.cepatgroup.com

SHARE REGISTRAR
Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

REMUNERATION COMMITTEE
Tan Sri Mah King Thian
@ Mah King Thiam *(Chairman)*
Chua Kim Yin *(Member)*
Chan Kam Leong *(Member)*

NOMINATION COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

AUDITORS
Ernst & Young
16th Floor
Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah
Tel: 089-217 266
Fax: 089-272 002

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

COMPANY SECRETARIES
Kang Shew Meng *(MAICSA 0778565)*
Seow Fei San *(MAICSA 7009732)*

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

Profile of Board of Directors

TAN SRI MAH KING THIAN @ MAH KING THIAM
Malaysian, male, aged 53
Executive Director/Chairman

Tan Sri Mah King Thian @ Mah King Thiam was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee and the Chairman of the Remuneration Committee.

He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). He is the Managing Director of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Executive Chairman of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Tan Sri Mah King Thian @ Mah King Thiam is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Seri Mah King Seng, the Managing Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. He attended three out of four Board Meetings held during the financial year.

DATO' SERI MAH KING SENG
Malaysian, male, aged 58
Managing Director

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is the Chairman of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Berhad and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Dato' Seri Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Tan Sri Mah King Thian @ Mah King Thiam, the Executive Director/Chairman of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. He attended four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHUA KIM YIN (JP)
Malaysian, male, aged 55
Senior Independent Non-Executive Director

Mr. Chua Kim Yin was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and appointed Senior Independent Non-Executive Director on 25 February 2013. He is the Chairman of both the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee. Mr. Chua was appointed a Justice of The Peace (JP) by Yang Di-Pertua Negeri Sabah in September 1996.

He obtained his Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986 from Monash University, Victoria, Australia. He was then admitted to practise as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. A year later, he was admitted as an Advocate of the High Court in Borneo, in the State of Sabah. He is currently a partner in the legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. He is also an Associate Member of Certified Practising Accountant Australia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. He attended four Board Meetings held during the financial year.

CHAN KAM LEONG
Malaysian, male, aged 76
Independent Non-Executive Director

Mr. Chan Kam Leong was appointed as an Independent Non-Executive Director of the Company on 2 May 2008. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management) and Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.

He had three years working experience each in Kuala Lumpur and Singapore and three and a half years working experience in London before founding K.L. Chan & Associates of which he is presently a partner. He has more than forty-five years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.

He is a Director of MHC Plantations Berhad, a company listed on the Bursa Malaysia Securities Berhad.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. He attended four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHOONG PAK WAN
Malaysian, male, aged 72
Independent Non-Executive Director

Mr. Choong Pak Wan was appointed as an Independent Non-Executive Director of the Company on 25 February 2009. He is a member of the Audit Committee and Nomination Committee.

He is a Project Director in an established architect firm in Ipoh. He has more than 40 years experience in the property development and construction industries, mainly in development planning, project feasibility study and implementation. He also acts as adviser and is a director in various development companies namely AI Archi-Management Sdn Bhd, MC Square Sdn Bhd, CNT Builders Sdn Bhd and Simpulai Land Sdn Bhd.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. He attended four Board Meetings held during the financial year.

Profile of Key Senior Management

TAN SRI MAH KING THIAN
Malaysian, male, Aged 53,
Executive Chairman
* The profile of Tan Sri Mah King Thian is listed in the Profile of Directors on page 8.

DATO' SERI MAH KING SENG
Malaysian, male, aged 58
Managing Director
* The profile of Dato' Seri Mah King Seng is listed in the Profile of Directors on page 8.

SOONG SWEE KOON
Malaysian, male, Aged 61
Chief Operating Officer

Mr Soong is a qualified engineer with a Steam Engineers Certificate of Competency (First Grade). He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he specialised in power generation, Hydro and Steam Thermal Power Plants, and maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to1996, he worked as an engineer in United Plantations Bhd. The palm oil mill under Mr Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995). He served as senior engineer, technical advisor, project manager and regional consultant to a number of energy companies from 1996 to 2010. He was appointed as Chief Operating Officer of MHC Plantations Bhd on 15 November 2012. He is also the Executive Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the last five (5) years.

MUTHUSAMY A/L P. KARUPPAIAH
Malaysian, male, aged 62
Group General Manager

Mr. Muthusamy A/L P. Karuppaiah was appointed as Group General Manager on 20 February 2014.

He obtained his Diploma in Agriculture in 1979 and also a Diploma in Oil Palm & Technology (Milling) in 2002. He is a planter with wide experience in the industry. He spent 24 years in United Plantation Berhad, holding various positions from Cadet Assistant to Plantation Manager before he joined MHC Plantations Bhd as Senior Manager. After 2 years in MHC Plantations Bhd, he joined IJM Plantations Berhad as Senior Manager for Indonesia Operations. He then joined Cepatwawasan Group Berhad in 2009 as Plantation Controller and was promoted to his current position in 20 February 2014.

He has no family relationship with any Directors and/or major shareholders of the Company, and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years.

He does not hold any directorships in public companies.

Profile of Key Senior Management (cont'd)

LIU SWEE KAN
Malaysian, male, aged 49
Group Accountant

Mr Liu Swee Kan joined the Company as Group Accountant on 14 April 2016.

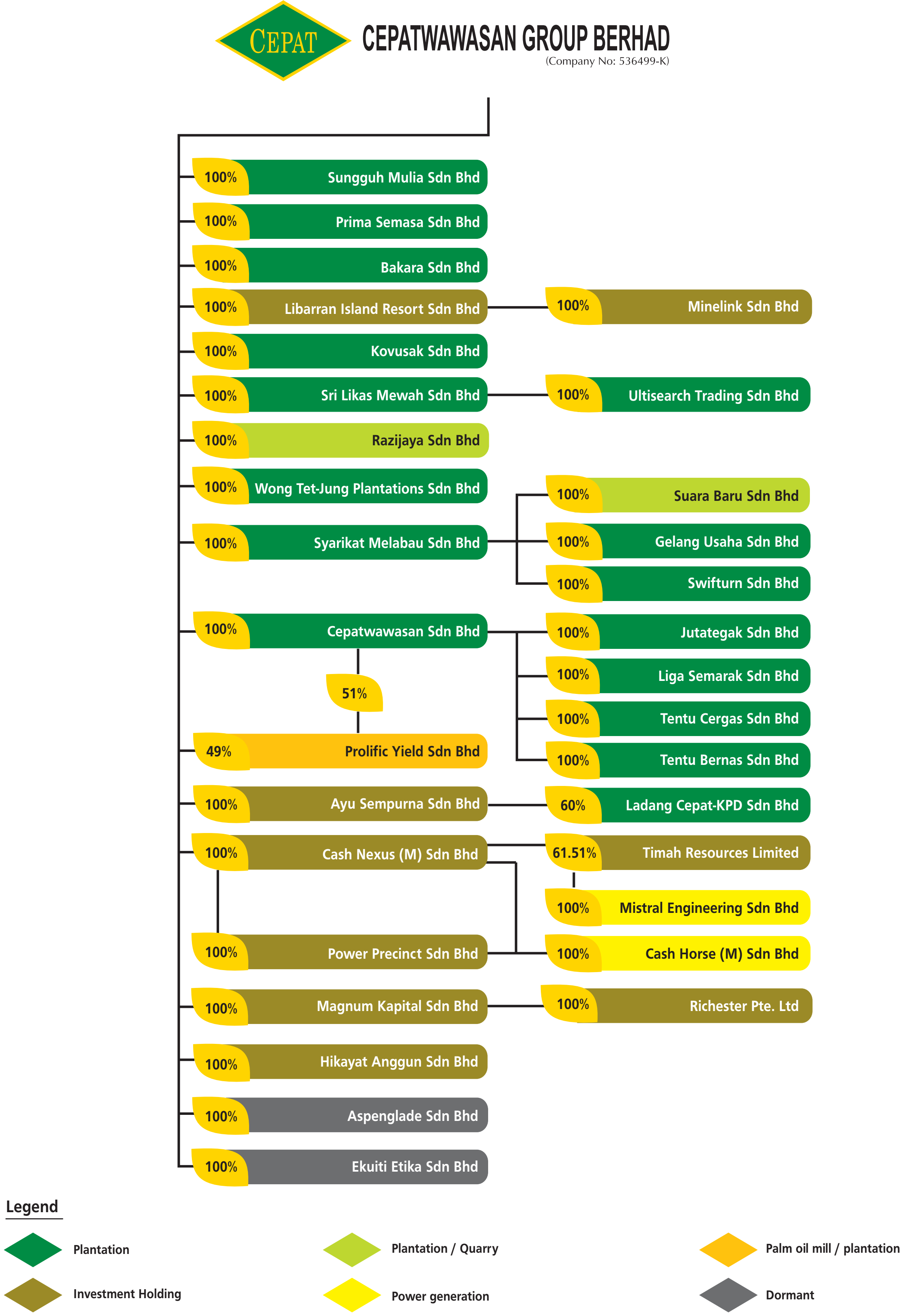
He obtained his professional qualification from the Malaysia Institute of Certified Public Accountants in 2005 and is currently a member of the Malaysian Institute of Accountants (MIA).

He was with Audit Firms for 10 years before working as a Finance Manager in a shipping and logistic company in Sarawak for 3 years. He then joined a Plantation Company based in Sarawak for about 8 years, holding various positions from Accountant to Senior Accountant.

He has no family relationship with any Directors and/or major shareholders of the Company, and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years.

He does not hold any directorships in public companies.

Group Structure



Chairman's Statement

Group's Performance

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2016.

The Group recorded revenue of RM254.67 million and profit before tax of RM 30.72 million in 2016 as compared to RM228.22 million and 17.83 million respectively in 2015. Profit after tax improved from RM11.75 million in 2015 to RM22.49 million and hence, the Group's net earnings per share has increased from 3.18 sen to 6.84 sen. Net tangible assets per share attributable to ordinary equity holders of the Company is now 1.53 sen.

The increase in revenue and profit before tax is mainly due to increase in the prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by 21 % and 62% respectively, and higher sales of power by 25% despite a decrease in FFB production by 14%. The El Niño phenomenon has adversely affected the production of FFB in 2016. The average yield per hectare for the year was lower at 17.47mt/hectare as compared to 19.23mt/hectare in 2015.

The highlights of Group performance are stated below:

Average selling price per tonne:-	**2016 (RM)**	**2015 (RM)**	**↑ ↓**	**Increase Decrease**
CPO	2,578	2,130	↑	21%
PK	2,490	1,534	↑	62%
FFB	511	350	↑	46%
Production:-				
CPO (mt)	59,161	70,007	↓	15%
PK (mt)	14,334	16,852	↓	15%
FFB (mt)	124,390	144,216	↓	14%
Extraction rate:-				
CPO	20.00%	20.72%	↓	
PK	4.84%	4.99%	↓	

The Group's 12MW Biomass Power Plant generated and exported 58,280,003 kWh in 2016 as compared to 46,505,403 kWh in 2015.

Dividend

On 22 February 2017, the Board approved a single-tier ordinary dividend of 1.5 sen per ordinary share on 308,967,010 ordinary shares amounting to a dividend payable of RM4,634,505 payable on 19 May 2017.

Corporate Social Responsibility ("CSR")

The Group is committed to ensuring that its actions not only benefit its shareholders but also its employees, the community and the environment. The Group undertakes many corporate social responsibility activities through Dato' Seri Mah Pooi Soo Benevolent Fund ("the Fund") which is a charitable organisation partly funded by the Group over the years. The Fund is dedicated to the advancement of education and religion, relief of poverty and other purposes beneficial to the community.

In furtherance of its CSR programme, the Group in 2016 has aided under privileged Filipino children in Sabah via contribution to the Alternate learning centre (ALC). The Group is a key Platinum Sponsor of the Centre which was set up to address the educational needs of Filipino Children in Sabah. Apart from monetary contribution, the Group also donates shoes, school bags and uniform to the Centre.

Prospect and Outlook

The Group expects a recovery in its FFB production in the second half of 2017 as the El-Nino effect, which has affected FFB production from 2015 to 2016, is expected to fade in 2017. CPO prices are also expected to remain firm in 2017 due to low CPO stockpile and weak Ringgit.

As with other players in the palm oil industry, the Group will continue to face challenges from the increase in production costs. In facing this challenge, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2017.

Acknowledgement

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your loyalty and commitment.

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Regards
Tan Sri Mah King Thian
Executive Chairman

Management's Discussion and Analysis

DESCRIPTION OF OUR GROUP'S BUSINESS

Cepatwawasan Group Berhad ("CGB") was incorporated in Malaysia under the Companies Act 1965 on 11 January 2001.

Cepatwawasan Group Berhad is an investment holding company with its subsidiaries principally involved in oil palm cultivation, milling, quarrying, sales of oil palm products and power generation. These business units are organised into three major operating segments namely Plantation, Oil Mill and Power Plant.

As at 31 December 2016, the Group has a landbank of approximately 10,290 hectare in Sabah, Malaysia. The Group owns one oil mill in Sandakan, Sabah with a milling capacity of 90 metric tonnes per hour. In addition, the Group has ventured into oil palm renewable energy by investing in and operating a 12 Megawatt Biomass power plant and a 3.8 Megawatt Biogas power plant, both in Sandakan, Sabah.

Financial Review

Revenue

For 2016, the Group recorded a revenue of RM254.67 million, which is an increase of RM26.45 million as compared to 2015, despite a RM14.98 million decrease arising from IC Interpretation 12 Service Concession Agreements for the Power Plant segment. The increase in revenue is mainly due the increase/(decrease) of sales volume and price as stated below:-

Average unit selling price:	**2016 (RM)**	**2015 (RM)**	↑ ↓	**Increase Decrease**
CPO/mt	2,578	2,130	↑	21%
PK/mt	2,490	1,534	↑	62%
FFB/mt	511	350	↑	46%
Electricity/Kwh	0.2153	0.2153		-
EFB Oil/mt	1,587	1,301	↑	22%
Sales Volume				
CPO(mt)	61,925	67,046	↓	8%
PK(mt)	14,415	16,983	↓	15%
FFB(mt)	36,313	28,216	↑	29%
Electricity(Kwh)	58,280,003	46,505,403	↑	25%
EFB Oil(mt)	6,257	4,811	↑	30%

Profit Before Taxation

The Group reported a profit before tax of RM30.72 million for 2016, which is an increase of 72% from 2015 mainly due to an increase in selling prices of CPO/PK by 21% and 62% respectively and better efficiency of the Biomass Power plant in generating electricity and EFB Oil.

Performance of the respective operating business segments on Note 36 to the financial statement can be analyzed as follows:-

i) Plantation – The increase in segment profit by 7.84 million (38%) from RM20.63 million to RM28.47 million was mainly due to higher FFB price by 34% despite a decrease in FFB production by 14%.

ii) Oil Mill – The decrease in segment profit by RM4.34 million (65%) from segment profit of RM6.60 million to a segment profit of 2.26 million was mainly due to a lower milling margin as a result of stiff competition in sourcing for FFB and lower oil extraction rate ("OER") .Mill OER decreased from 20.72% to 20.00%.

iii) Power Plant – The increase in segment profit by RM5.64 million (97%) from segment profit of RM5.82 million to a segment profit of RM11.47 million was mainly due to an increase in efficiency and export of electricity by 25%. The 12MW Biomass Power Plant generated and exported 58,280,003 kWh in 2016 as compared to 46,505,403 kWh in 2015.

Other Income

Other income decreased by 85% from RM5.44 million to RM0.83 million due mainly to non recurring income derived from compensation for termination of emissions reduction purchase agreement and debts forgiven of RM1.90 million and RM1.35 million respectively received in 2015.

Finance Cost

Finance cost increased marginally by 9 % from RM6.56 million to RM7.17 million.

Taxation

The effective tax rate for 2016 was higher than the statutory tax rate principally due to certain expenses was disallowed for tax purposes.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group improved by 115% year-on-year at RM21.14 million and 6.84 sen respectively.

Cash Flow

In 2016, the Group generated higher net cash from operating activities of RM24.99 million as compared to RM18.18 million in the 2015, mainly due to higher oil palm product prices.

The net cash used in investing activities amounted to RM10.36 million in 2016, primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills, upgrading of Biogas power plant capacity from 3.0MWh to 3.8MWh.

The net cash used in financing activities in 2016 amounted to RM18.10 million, primary relating to the repayment of bank borrowings.

Overall, the Group registered a decrease in cash and cash equivalents of RM3.47 million during 2016, bringing total cash and bank balances to RM19.36 million as at 31 December 2016.

FIVE -YEAR FINANCIAL HIGHLIGHT

Financial Amount in RM'000 unless otherwise stated	**2016**	**2015**	**2014**	**2013**	**2012**
Revenue	254,668	228,221	243,912	233,910	219,034
Profit before taxation	30,722	17,830	27,095	27,774	33,104
Taxation	(8,233)	(6,078)	(5,624)	(4,152)	(7,659)
Profit for the financial year	22,489	11,752	21,471	23,622	25,445
Attributable to:-					
Equity holders of the Company	21,145	9,815	20,559	23,053	23,891
Non-controlling interests	1,344	1,937	912	569	1,554
	22,489	11,752	21,471	23,622	25,445
Share capital	318,446	318,446	318,446	318,446	318,446
Treasury shares	(11,097)	(11,097)	(11,097)	(11,096)	(11,096)
Reserves	(1,729)	(1,796)	4	-	62
Retained earnings	168,209	151,698	148,062	131,427	111,464
Non-controlling interests	18,429	17,823	20,103	18,061	18,692
Total equity	492,258	475,074	475,518	456,838	437,568
Loans and borrowings	63,804	68,624	65,433	32,000	13,462
Trade and other payables	31,828	23,200	27,755	29,588	22,832
Income tax payable	1,905	193	252	522	491
Deferred tax liabilities	50,293	48,079	47,238	46,179	46,975
Loans and borrowings (non-current)	66,315	74,045	60,228	69,788	75,026
Lease rental payable	267	267	267	267	267
	706,670	689,482	676,691	635,182	596,621

Management's Discussion and Analysis (cont'd)

FIVE -YEAR FINANCIAL HIGHLIGHT (cont'd)

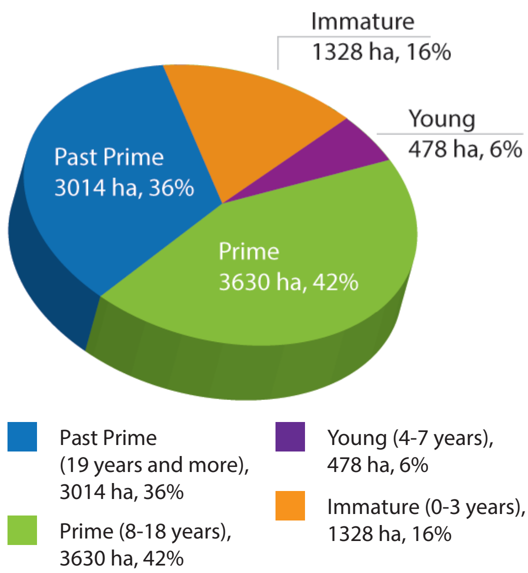
Financial Amount in RM'000 unless otherwise stated	**2016**	**2015**	**2014**	**2013**	**2012**
Property, plant and equipment	173,209	174,294	191,069	265,637	232,223
Biological assets	161,296	159,091	157,199	154,171	152,460
Investment properties	42,700	42,700	42,700	41,600	37,000
Intangible assets	92,088	92,088	92,088	92,088	92,088
Land use rights	1,966	1,994	2,022	2,050	2,078
Deferred tax assets	3,204	3,423	3,565	3,186	2,443
Trade and other receivables	149,502	136,077	108,184	6,036	5,222
Inventories	24,403	29,422	20,623	16,816	20,467
Trade and other receivables	22,272	13,629	21,107	17,323	14,481
Tax recoverable	1,411	883	3,809	1,501	2,855
Short term investments	13,098	11,085	10,892	10,443	12,942
Cash and bank balances	21,521	24,796	23,433	24,331	22,362
	706,670	689,482	676,691	635,182	596,621
Basic earnings per share (sen)	6.84	3.18	6.65	7.46	7.73
Net dividend per share (sen)	1.50	1.50	2.00	2.00	1.00
Dividend cover (times)	4.6	2.1	3.3	3.7	7.7

OPERATIONAL REVIEW

Plantation operations

The Group is a mid-sized oil palm plantation company based in Sandakan. As at 31 December 2016, total plantation land stood at approximately 10,290 hectares of which 82% or 8,450 hectares are planted with oil palms. From the total planted area, approximately 84% or 7,122 hectares are mature while the remaining 16% or 1,328 hectares of the area are at the immature stage. The El Niño dry weather had severely affected production of the Group. As a result, its FFB production recorded a significant drop of 14% to 124,390 mt (2015: 144,216 mt). The average yield per hectare for 2016 was lower at 17.47mt/hectare as compared to 19.23mt/hectare in 2015. Despite a lower FFB production, the plantation segment registered an increase in segment profit of RM7.84million (39%) from RM20.63 million in 2015 to RM28.47 million in 2016 primarily due to higher FFB price by 34%.

Oil Palm Age Profile



Management's Discussion and Analysis (cont'd)

For productivity improvement, the Group will enhance the human capital development by providing comprehensive training to employees, and the mechanisation for key processes in the estates, including harvesting, in-field collection and crop evacuation.

The age profile of the developed area is shown below:

Particulars	Hectar	%
0 – 3 years (Immature)	1,328	16%
4 – 7 years (Young)	478	5%
8 – 18 years (Prime)	3,630	43%
> 19 years (Past Prime)	3,014	36%
Total	**8,450**	**100**

Milling Operations

The Group owns a palm oil mill, Prolific Palm Oil Mill with an operating capacity of 90 mt/hr. Together with outside crop, a total of 295,958 mt (2015: 337,880 mt) of FFB was processed in 2016, representing a drop of 12% in processed crop volume as compared to the 2015 due to the shortage of FFB supply caused by El-Nino. Oil extraction rates ("OER") achieved by the mill decreased from 20.72% in 2015 to 20.00% in 2016.

FIVE-YEAR PLANTATION AND MILL STATISTICS

		Cepatwawasan Group Berhad				
		2016	**2015**	**2014**	**2013**	**2012**
Oil Palm						
Production:						
FFB	(mt)	124,390	144,216	156,288	145,100	137,215
Crude palm oil	(mt)	59,161	70,007	78,577	71,619	63,594
Palm kernel	(mt)	14,334	16,852	18,471	16,838	15,091
Average selling price:						
FFB	(RM/mt)	511	371	418	386	481
Crude palm oil	(RM/mt)	2,578	2,130	2,281	2,268	2,812
Palm kernel	(RM/mt)	2,490	1,553	1,628	1,628	1,515
Yield per matured hectare	(mt)	17.47	19.23	20.81	18.85	17.83
Oil extraction rate	%	20.00	20.72	20.50	20.36	20.29
Palm kernel rate	%	4.84	4.99	4.82	4.79	4.82
Planted Oil Palm Area						
(Weighted average hectares):		8,450	8,648	8,080	8,080	8,080
Mature		7,122	7,501	7,509	7,697	7,697
Immature		1,328	1,147	571	383	383
Total planted area		8,450	8,648	8,080	8,080	8,080

Power Plant Operations

The Group operates a young renewable energy division consisting of a Biomass power plant and a Biogas power plant in Sandakan, Sabah.

The 12 Megawatt Biomass power plant (Biomass Plant) generates electricity using oil palm empty fruit bunches (EFB) as primary fuel with oil palm shells and mesocarp fibres as secondary fuels. The group obtained the Feed-In Tariff (FiT) Approval from Sustainable Energy Development Authority Malaysia (SEDA) on 12 May 2014 to sell renewable electricity to Sabah Electricity Sdn Bhd (SESB) at a FiT rate of RM0.3486/kWh for 16 years commencing from 1 January 2015.

The 3.8 Megawatt Biogas power plant (Biogas Plant) generates electricity by capturing the methane gas from palm oil mill effluent (POME), thereby mitigating the emission of greenhouse gases. There is also Zero discharge to the river as the final discharge from the biogas plant is released through a system of drip irrigation for land application. On 18 February 2015, the Group obtained the FiT Approval from SEDA to sell renewable electricity to SESB for 16 years. The Biogas Plant is yet to commence operation under the FiT contract.

The Group recognized that fuel and system stability are the two main success factors for a renewable energy power plant. The Group has adopted a strict fuel policy to control the quantity and quality of the fuel. Several system upgrading and modification have been carried out on both plants to improve the efficiency and stability of the power production.

A recent upgrading amounting to RM22mil was carried out on the Biogas Plant in connection with the FiT contract. It includes the increase in the power production capacity from 3.0MWh to 3.8MWh and the grid connection facilities to export electricity to SESB. The upgraded systems have successfully been tested and achieved Commercial Operation on 15th February 2017, being the Commercial Operation Date (COD).

PROSPECT

FFB Production is expected to recover by mid-2017. CPO prices are expected to be buoyant in the near term due to low CPO stockpile and weak Ringgit.

The Group will continue to face challenges from fluctuating prices, increasing costs, manpower shortages and unpredictable weather conditions. Nevertheless the Group will continue to improve its operational efficiencies to mitigate the effect of rising production cost through enhanced mechanization, implementation of competitive harvesting rates, effective nutrient management, and introduction of better planting material.

The Group expects a better contribution from its power plant division in line with the completion of the upgrading of the Biogas plant from 3.0MWh to 3.8MWh . The Group will continue to improve the productivity and operating efficiency of the 12MW Biomass Power Plant.

Corporate Governance Statement

The Board of Directors ('Board') of Cepatwawasan Group Berhad ('Company') is committed to ensure that the highest standards of Corporate Governance are practised throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance 2012 ("Code" or "MCCG 2012"). An indication of the Board's commitment is reflected in the incorporation of various policies and processes and the establishment of the relevant committees. The Board is pleased to report on how the Company and the Group have applied the principles set out in the Code ("Principles") to its particular circumstances, having regard to the recommendations stated under each Principle ("Recommendations").

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter ("Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. Salient terms of the Charter are made available at the Company's website at www.cepatgroup.com.

1. Directors

1.1 Board Composition and Independence

The Board currently consists of five Directors as at the date of this report:-

Executive Chairman
Tan Sri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

The Chairman and Managing Director have many years of experience in the operations of plantations and palm oil mill. The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account.

The roles of the Chairman and Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions as well as some of the Group's day-to-day operations.

The Chairman is an Executive Director and remains so after taken into consideration of his vast experience in managing the Group's main business in plantations and palm oil mill which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group.

The Company has complied with the requirement of paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad whereby majority of the Board of Directors are Independent Non-Executive Directors.

The Company does not have a policy on the tenure of Independent Director, however, the Company recognises the Code's recommendation on the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as an Independent Director subject to assessment by the Board and shareholders' approval at the general meeting. The Board has conducted an assessment on the level of independence of the Independent Directors and satisfied with the level of independence demonstrated by the three (3) Independent Directors. It is found that one of the Independent Directors, Chua Kim Yin has served the Company exceeding a cumulative terms of nine (9) years. The Board recommends him to continue to act as Independent Director of the Company based on the following justifications:

a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and

d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

The Board will seek shareholders' approval to retain Chua Kim Yin as Independent Director at the forthcoming Annual General Meeting.

The Nomination Committee conducts assessment of performance and effectiveness of the Board and the Board Committees based on the board mix and balance, composition, compliance and governance, business knowledge, skills and competencies, communication, value added contribution, quality of information and decision making. Assessment on performance of individual director is based on integrity and ethics, governance, conduct at meetings, strategic perspective, judgement and decision making, teamwork, communication and value added contribution. As a post-evaluation process, the Company Secretary will summarise the results of evaluation to the Nomination Committee for reporting to the Board whether there is a need to change the composition of the Board or any of the board committees. From the annual assessment, the Nomination Committee will decide whether all the Directors possess sufficient qualification and experience to carry out their duty.

Based on the current position and practices of the Company, the Nomination Committee upon its review on the composition of the Board on 19 October 2016, was satisfied that the Board structure, size, composition, mix of skills and qualities of the Directors were appropriate and conformed to the best practices in the Code.

Save for the Nomination Committee members who are also members of the Board and have abstained from assessing their own individual performance as Directors of the Company, each of the Nomination Committee Members views that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry. On the Board evaluation, the Committee agreed that the Board has discharged its stewardship duties and responsibilities towards the Company effectively. In general, the Board and Board Committees were functioning effectively as a whole having indicated a high level of compliance and integrity.

The Nomination Committee also assessed the performance of the members of Audit Committee and their term of office based on a set criteria such as their participation and contribution at audit committee meetings.

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practise ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

The Board held four (4) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:-

Name	Meetings attended
Tan Sri Mah King Thian @ Mah King Thiam	3/4
Dato' Seri Mah King Seng	4/4
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

1. Directors (cont'd)

1.3 Supply of information (cont'd)

Both Company Secretaries of the Company are qualified to act as company secretary under section 235 of the Companies Act 2016. The Company Secretaries play an advisory role to the Board with regard to the Company's compliance with company-related regulatory requirements, codes, guidance and legislation. The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well documented. The Company Secretaries also keep abreast of the evolving regulatory changes and developments in corporate governance through continuous training and update the Board timely.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.cepatgroup.com:

- Board Charter and Code of Conduct
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy

At a Board meeting held on 27 July 2016, the Board has reviewed and adopted the revised Board Charter to be in line with the amendments of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board also concurred that the abovementioned policies and procedures to be reviewed and updated in accordance with the needs of the Company and upon any new regulations to be implemented.

1.4 Appointment and Re-election of Directors

The Constitution of the Company requires that all Directors shall be subject to re-election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation at least once in every three (3) years at the Annual General Meeting.

Under the new Companies Act 2016, Directors over 70 years old are no longer required to stand for reappointment annually.

1. Directors (cont'd)

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under specific terms of reference. Three (3) of the Committees are composed of a majority of Non-Executive Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) Audit Committee

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 37 to 38 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee consists of three members, all of whom are Independent Non-Executive Directors and its Chairman is a Senior Independent Director appointed by the Board.

The functions of the Nomination Committee are as follows:

- Recommend to the Board the candidates for all directorships to be filled by the shareholders or the Board.
- Recommend to the Board the Directors to fill the seats on Committees of Directors.
- Review the required mix of skills and experience and other qualities including core competencies which Non-Executives should bring to the Board.
- Assess the effectiveness of the Board as a whole, the Committees of Directors and the contribution of each Director.

The Board has established a nomination process of board members to facilitate and provide a guide for the Nomination Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The nomination and election process of board members can be found at the Company's website at www.cepatgroup.com.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(ii) Nomination Committee (cont'd)

The director who is subject to re-election at next Annual General Meeting is assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election. Appropriate assessment and recommendation by the Nomination Committee is based on the yearly assessment conducted.

As all members of the Nomination Committee are Independent Directors, the assessment of their independence will be conducted by the Board as a whole.

The Nomination Committee will conduct annual assessment on the Board and the Board Committees.

The assessment and evaluation is properly documented.

The summary of the activities of the Nomination Committee during the financial year are as follows:

- Review the mix of skill and experience and other qualities of the Board.
- Assess the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discuss the Company's Directors' retirement by rotation.

(iii) Remuneration Committee

The Remuneration Committee consists of three members, who are Independent Non-Executive Directors.

The responsibilities and functions of the Remuneration Committee include the following:

- To recommend to the Board the remuneration packages of the Executive Directors and Managing Director of the Company.

The Remuneration Committee recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Directors to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iii) Remuneration Committee *(cont'd)*

The Board has established a remuneration policy and to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors and Managing Director.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2016 is as follows:-

Company					
	Fees RM	**Salaries & Bonus**	**Allowance RM**	**EPF RM**	**Total RM**
Executive Directors	-	825,930	-	99,114	925,044
Non-Executive Directors	159,000	-	-	-	159,000
Total	159,000	825,930	-	99,114	1,084,044

Group					
	Fees RM	**Salaries & Bonus**	**Allowance RM**	**EPF RM**	**Total RM**
Executive Directors	-	1,651,860	80,000	198,228	1,930,088
Non-Executive Directors	159,000		-	-	159,000
Total	159,000	1,651,860	80,000	198,228	2,089,088

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iii) Remuneration Committee (cont'd)

The numbers of Directors whose total remuneration falls within the following range are as follows:

	Group		Company	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**	**Executive Directors**	**Non-Executive Directors**
RM 50,001 to RM100,000	-	3	-	3
RM400,001 to RM600,000	-	-	2	-
RM900,001 to RM1,000,000	2	-	-	-

The Company has on 30 September 2004 obtained a shareholders' mandate on payment of Director fees of not exceeding RM240,000 per annum.

(iv) Executive Committee ("EXCO")

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board. The EXCO acts on behalf of the Board on matters concerning administrations, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review and decide on administrative and operational matters, budgets and investment strategies of the Group.

2. Diversity Policy

A diversity policy has been established by the Board. The Board endeavours to have at least one woman participate on the Board at all times. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age.

During selection of new directors in the future, any list of proposed candidates to the Board shall consist of woman candidate, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

3. Directors' Training

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

3. Directors' Training (cont'd)

During the financial year ended 31 December 2016, the following training programmes and seminars were attended by the following Directors:

- Briefing on Malaysia Sustainable Palm Oil attended by Tan Sri Mah King Thian @ Mah King Tiam, Chan Kam Leong and Choong Pak Wan;
- Mastering MPERS (Basic & intermediate), Preparing for the structural shift in Company law and Post Budget 2017 attended by Chua Kim Yin;
- Handling Press conferences, Media interviews and Tricky Media Questions and Robobank's Seminar on Financial outlook 2017 attended by Dato' Seri Mah King Seng.

4. Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a corporate disclosure policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

5. Shareholders

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

a. Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Company's website at www.cepatgroup.com contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Malaysia Securities Berhad.

Corporate Governance Statement (cont'd)

5. Shareholders (cont'd)

b. The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

6. Sustainability Policy

The Group is committed to operating its business in accordance with environmental, social and economic responsibility. These include working within the law in order to be innovative and demonstrating initiative to meet the requirements of various stakeholders.

The Company strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognizes that the sustainability of the ecosystems is an integral part of sustaining its business. Hence, conservation and preservation of the environment remains the priority of the Group.

The strategies to promote sustainability and its implementation can be found on the Company's website at www.cepatgroup.com.

The Group is committed to the continuous development and expansion of its Corporate Responsibility ("CSR") programme as part of its sustainability initiatives.

The Group together with its holding company, MHC Plantations Berhad, have contributed RM4 million to establish Malaysia's first Parkinson's and Movement Disorders Centre operating in University of Malaya ("UM"). Located on prime land in UM's Petaling Jaya campus, near UM Medical Centre, the Parkinson's Centre is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The Parkinson's Centre is being set up at an estimated total cost of RM10 million excluding land cost, and the Group's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre

The Group is working with the Borneo Child Aid Society, Sabah (HUMANA) in Sandakan to provide basic education and care for children of foreign plantation workers, who are unable to enrol in the Malaysian national schools. The Group has also constructed a hostel that can accommodate 40 to 50 students on a "gotong royong" basis with the local community in Kota Marudu, Sabah, and built a new learning centre for the children of foreign plantation workers, who are unable to enrol in Malaysian national schools, on its estate in Beaufort, Sabah. In addition, the Group has contributed RM200,000 to Yayasan Orang Asli Semenanjung Malaysia to support their educational programme.

6. Sustainability Policy (cont'd)

In furtherance of its CSR programme, the Group in 2016 has aided under privileged Filipino children in Sabah via contribution to the Alternate learning centre (ALC). The Group is a key Platinum Sponsor of the Centre which was set up to address the educational needs of Filipino Children in Sabah. Apart from monetary contribution, the Group also donates shoes, school bags and uniform to the Centre.

During the year, the Group was awarded The BrandLaureate BestBrands Award 2015-2016 (Corporate Branding-Best Brands in Agrobased –Oil Palm).

7. Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited financial statements on page 36.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board, prior to release for announcement to Bursa Malaysia Securities Berhad.

8. Internal Control

The Directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, the proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on Risk Management and Internal Control, which can be found on pages 39 to 42.

Corporate Governance Statement (cont'd)

9. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

At an Audit Committee meeting held on 22 February 2017, the Audit Committee assessed the suitability and independence of the external auditors based on the criteria set forth in the policy and procedure on evaluation of external auditors adopted in 2013. In its assessment, the Audit Committee considered several factors, which included adequacy of experience and knowledge of the relevant accounting standards, ability to meet deadlines, quality and quantity of human resources used to perform the assigned audit, clarity of presentations and quality of reports produced and independence of Messrs. Ernst & Young.

Messrs. Ernst & Young confirmed that they have been independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, throughout their written confirmation via Audit Planning Memorandum presented to the Audit Committee at a meeting held on 19 October 2016.

The Audit Committee is satisfied with the performance, technical competency and independence of the external auditors. Thus, the Audit Committee recommended the appointment of the external auditors and the Board at its meeting held on the same day approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming Seventeenth Annual General Meeting.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on pages 37 to 38.

10. Compliance Statement

The Company complied with the Principles of Corporate Governance as contained in the Code except for the following exceptions that, in the opinion of the Directors, adequately suits the circumstances:

i. Disclosure of remuneration is not made in detail for each Director. However, the remuneration paid is disclosed in aggregates of the categories of remuneration and, in compliance with the Listing Requirements, is analysed into bands of RM50,000.

ii. There is no female director on Board at the moment.

    At the moment, the Company does not have any female director on the Board. However, if there is any vacancy arises, the Company may invite female candidate if she has the expertise and experience in the related industry to meet the Company's diversity policy.

11. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information is provided:

11.1 Utilisation of Proceeds

This was not applicable during the financial year.

11.2 Audit and Non-Audit Fees

The details of audit and non-audit fees for the financial year ended 31 December 2016 are as follows:-

Fee Incurred	Audit fee RM'000	Non Audit Fee RM'000
The Company	59	3
The Group	402	72

11.3 Material Contracts

There was no material contract entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2016 or entered into since the previous financial year.

11.4 Recurrent Related Party Transactions

There are no recurrent related party transactions transacted by the Company and its subsidiaries except for those disclosed under related party transactions on page 135.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman
Mr. Chua Kim Yin
(Senior Independent Non-Executive Director)

Committee Members
Mr. Chan Kam Leong
(Independent Non-Executive Director)
Mr. Choong Pak Wan
(Independent Non-Executive Director)

The terms of reference of Audit Committee which had been reviewed and revised by the Directors at a Board meeting held on 27 July 2016, can be found at the Company's website at www.cepatgroup.com.

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2016.

The attendance of the members at the Audit Committee meetings is as follows:

Member	Meetings attended
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

ACTIVITIES (cont'd)

(iv) Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(v) Reviewed the compliance of the Company with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(vii) Reviewed the related party transactions entered into by the Group.

(vii) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(x) Reviewed the audit committee report and statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The role of the internal audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

An internal audit was performed during the financial year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

- Mapped out the business processes of FFB Harvesting/Collection and Manuring Cycle (document the workflow of key payroll activities from input to output process);
- Performed a system of control evaluation on high risk areas within FFB Harvesting/Collection and Manuring Cycle (identify business risks, benchmark the existing control system and identify design inadequacy, implementation lapses and process improvement);
- Reviewed the overall control environment where there is a significant amount of implementation lapses;

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee for their attention.

The Internal Audit adopts a risk-based approach with focus on effective risk management practices and is guided under International Professional Practices Framework.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls, and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance 2012 (the "Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration of the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to each of its business segments. Although there is exposure to market risk as a result of price fluctuations in the palm oil commodity market, the Directors consider these as movement in market forces inherent in the palm oil industry in which the Group operates.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Board is supported by the Group Risk Management Committee that comprises the Executive Chairman, Managing Director, and senior management in overseeing the risk management efforts within the Group. The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported to the Board. The outcome of such risk management efforts is a database of all major risks, and their controls or action plans to mitigate such risks were compiled to produce a divisional risk profile for each business segment.

The Group has also implemented a system of internal controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary. Such system of internal controls and financial authority limits serve as a check and balance mechanism on the Group's daily operations.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function.

The internal audit function is outsourced to Crowe Horwarth Consultants Sdn. Bhd. which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the internal audit function for the financial year ended 31 December 2016 totalled RM11,000.

A number of minor internal control weaknesses were identified during the internal audit for the current year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

i. BOARD MEETINGS

The Board meets at least once quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Executive Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company and the Group's activities and operations on a regular basis including any material issues. Proposals for major capital expenditure and investment by the Group are reviewed and approved in these Board meetings.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews the annual internal audit plan and any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The Audit Committee holds discussions on the actions taken on internal control issues identified in the reports prepared by the internal auditor and such discussions are minuted in the Audit Committee meetings. The minutes of the Audit Committee meetings are then tabled to the Board.

iii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. Regular visits to operating units by the Managing Director and senior management are also conducted whenever appropriate. The EXCO is aware of the significant issues identified in those meetings and visits, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

iv. PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Management will monitor the actual performance against the Group's budget on a monthly basis. Significant variances are identified, investigated and reported.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory, and there are no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2016, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 22 February 2017.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities and other information relating to the subsidiary companies are stated in Note 17 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit net of tax	22,489	1,451
Profit attributable to:		
Owners of the parent	21,145	1,451
Non-controlling interests	1,344	-
	22,489	1,451

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Dividend

The amount of dividend paid by the Company since 31 December 2015 was as follows:

	RM'000
In respect of the financial year ended 31 December 2015 as reported in the Directors' report of that year:	
Final single-tier dividend of 1.5% on 308,967,010 ordinary shares (excluding 9,479,200 treasury shares), declared on 24 February 2016 and paid on 26 May 2016	4,634

Dividend (cont'd)

On 22 February 2017, the directors approved a single-tier dividend of 1.5 sen on 308,967,010 ordinary shares, amounting to RM4,634,505 (1.5 sen per ordinary share) payable on 19 May 2017. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2017.

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Mah King Thian @ Mah King Thiam
Dato' Seri Mah King Seng
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

The names of the Directors of the subsidiaries of the Company in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Datin Seri Ooi Ah Thin
Datuk Datu Basrun Haji Datu Mansor
A. Sallih Bin A. Labai
Soong Swee Koon
Koh Zheng Kai
Jack Tian Hock Tan
Lee Chong Hoe
Michelle Siew Yee Lee

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year were as follows:

Name of director	Number of ordinary shares of RM1 each			
	1.1.2016	Acquired	Sold	31.12.2016
The Company				
Direct interest:				
Choong Pak Wan	15,000	-	-	15,000
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	118,831,200	-	-	118,831,200
Dato' Seri Mah King Seng	118,831,200	-	-	118,831,200
Chan Kam Leong#	540,000	-	-	540,000
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Mah King Thian @ Mah King Thiam	93,248	-	-	93,248
Dato' Seri Mah King Seng	338,948	-	-	338,948
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	90,188,024	-	-	90,188,024
Dato' Seri Mah King Seng	90,188,024	-	-	90,188,024
Chan Kam Leong#	562,394	59,900	-	622,294

	Number of warrants (2012/2017)			
	1.1.2016	Bought	Exercised	31.12.2016
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Mah King Thian @ Mah King Thiam	26,642	-	-	26,642
Dato' Seri Mah King Seng	96,842	-	-	96,842
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	26,482,473	-	-	26,482,473
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Chan Kam Leong#	134,541	-	(133,653)	888

#Interest by virtue of shares held by spouse.

Directors' interests (cont'd)

Tan Sri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

None of the other Directors of the Company in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

During the financial year, the Company repurchased 100 of its issued ordinary shares from open market at an average price of RM0.725 per share. The total consideration paid for the repurchase including transaction costs was RM116.

As at 31 December 2016, the Company held as treasury shares a total of 9,479,200 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,097,392 and further relevant details are disclosed in Note 26 to the financial statements.

Holding company

The Directors regard MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

    (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

    (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Other statutory information (cont'd)

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 37 to the financial statements.

Auditors and auditors' remuneration

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2017.

Tan Sri Mah King Thian @ Mah King Thiam **Dato' Seri Mah King Seng**

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng, being two of the Directors of Cepatwawasan Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 54 to 147 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2017.

Tan Sri Mah King Thian @ Mah King Thiam **Dato' Seri Mah King Seng**

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Liu Swee Kan, being the Officer primarily responsible for the financial management of Cepatwawasan Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 148 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Liu Swee Kan
at Sandakan in the State of Sabah
on 28 March 2017. **Liu Swee Kan**

Before me,

Ramsah Binti Hj. Mohd Taha
Commissioner for Oaths (No. S-029)

Independent Auditors' Report to the Members of
CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia)

Report on the financial statements

Opinion

We have audited the financial statements of Cepatwawasan Group Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment testing of goodwill

As at 31 December 2016, the carrying value of goodwill of the Group was RM92 million as stated in Note 15 to the financial statements. Under FRS 136, the Group is required to test the amount of goodwill for impairment annually, regardless whether there is any indication of impairment.

The Group estimated the recoverable amount of the cash generating units (CGUs) to which the goodwill is allocated based on value-in-use (VIU). Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. The annual impairment test for goodwill is significant to our audit as the assessment process is complex and highly judgmental. Significant judgement is required in determining the assumptions to be used to estimate the recoverable amount of the CGUs to which the above goodwill have been allocated to and is based on assumptions that are affected by expected future demand or economic conditions. The assumptions used include estimates of future sales volumes, prices, operating cost, terminal value growth rates and the discount rates.

Our audit procedures, among others, included assessing whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about estimated revenue growth rates and possible variations in the timing of those future cash flows.

We also assessed the discount rate used by involving a valuation expert, to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expected to derive from the asset.

In addition, we also evaluated the adequacy of the disclosures of the key assumptions on which the Group has based its cash flow projections. Key assumptions are those to which the unit's recoverable amount is most sensitive and are disclosed in Note 15 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report to the Members of
CEPATWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report to the Members of
CEPATWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report to the Members of
CEPATWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

Other reporting responsibilities

The supplementary information set out in Note 40 on page 148 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Voon Kar
1769/04/18(J/PH)
Chartered Accountant

Sandakan, Malaysia
28 March 2017

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	3	254,668	228,221	4,018	4,156
Cost of sales		(211,567)	(194,159)	-	-
Gross profit		43,101	34,062	4,018	4,156
Other items of income					
Interest income	4	7,266	6,778	3,174	2,325
Other income	5	831	5,436	1,071	-
Other items of expense					
Marketing and distribution costs		(4,266)	(5,186)	-	-
Administrative expenses		(9,043)	(16,700)	(3,748)	(12,525)
Finance costs	6	(7,167)	(6,560)	(3,174)	(2,325)
Profit/(loss) before tax	7	30,722	17,830	1,341	(8,369)
Income tax expense	10	(8,233)	(6,078)	110	(50)
Profit/(loss) net of tax		22,489	11,752	1,451	(8,419)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss: Foreign currency translation		127	204	-	-
Total comprehensive income/(loss) for the year		22,616	11,956	1,451	(8,419)

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2016 (cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit/(loss) attributable to:					
Owners of the parent		21,145	9,815	1,451	(8,419)
Non-controlling interests		1,344	1,937	-	-
		22,489	11,752	1,451	(8,419)
Total comprehensive income/ (loss) for the year attributable to:					
Owners of the parent		21,209	9,961	1,451	(8,419)
Non-controlling interests		1,407	1,995	-	-
		22,616	11,956	1,451	(8,419)
Earnings per share attributable to owners of the parent (sen per share):					
Basic	11	6.84	3.18		
Diluted	11	6.84	3.18		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statements of Financial Position

As at 31 December 2016

	Note	2016 RM'000	2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	173,209	174,294
Biological assets	13	161,296	159,091
Investment properties	14	42,700	42,700
Intangible assets	15	92,088	92,088
Land use rights	16	1,966	1,994
Deferred tax assets	18	3,204	3,423
Trade and other receivables	19	149,502	136,077
		623,965	609,667
Current assets			
Inventories	20	24,403	29,422
Trade and other receivables	19	22,272	13,629
Tax recoverable		1,411	883
Short term investments	21	13,098	11,085
Cash and bank balances	22	21,521	24,796
		82,705	79,815
Total assets		706,670	689,482
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	63,804	68,624
Trade and other payables	24	31,828	23,200
Income tax payable		1,905	193
		97,537	92,017
Net current liabilities		(14,832)	(12,202)
Non-current liabilities			
Deferred tax liabilities	18	50,293	48,079
Loans and borrowings	23	66,315	74,045
Lease rental payable	25	267	267
		116,875	122,391
Total liabilities		214,412	214,408
Net assets		492,258	475,074

Consolidated Statements of Financial Position
As at 31 December 2016 (cont'd)

	Note	2016 RM'000	2015 RM'000
Equity attributable to owners of the parent			
Share capital	26	318,446	318,446
Treasury shares	26	(11,097)	(11,097)
Reserves	27	(1,729)	(1,796)
Retained earnings	28	168,209	151,698
		473,829	457,251
Non-controlling interests		18,429	17,823
Total equity		492,258	475,074
Total equity and liabilities		706,670	689,482

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company Statements of Financial Position

As at 31 December 2016

	Note	2016 RM'000	2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,831	3,114
Investments in subsidiaries	17	342,505	342,505
Deferred tax assets	18	62	-
Other receivables	19	54,187	39,574
		399,585	385,193
Current assets			
Trade and other receivables	19	30,810	33,862
Tax recoverable		56	22
Cash and bank balances	22	467	846
		31,333	34,730
Total assets		430,918	419,923
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	27,000	32,000
Trade and other payables	24	49,272	33,037
		76,272	65,037
Net current liabilities		(44,939)	(30,307)
Non-current liabilities			
Loans and borrowings	23	26,150	23,150
Deferred tax liabilities	18	-	57
		26,150	23,207
Total liabilities		102,422	88,244
Net assets		328,496	331,679

Company Statements of Financial Position
As at 31 December 2016 (cont'd)

	Note	2016 RM'000	2015 RM'000
Equity attributable to owners of the parent			
Share capital	26	318,446	318,446
Treasury shares	26	(11,097)	(11,097)
Retained earnings	28	21,147	24,330
Total equity		328,496	331,679
Total equity and liabilities		430,918	419,923

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
For the financial year ended 31 December 2016

Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			← Attributable to owners of the parent →						
				← Non-distributable →				Distributable	
2016									
Opening balance at 1 January 2016		475,074	457,251	318,446	(11,097)	150	(1,946)	151,698	17,823
Profit for the year		22,489	21,145	-	-	-	-	21,145	1,344
Other comprehensive income for the year, net of tax									
Foreign currency translation		127	64	-	-	64	-	-	63
Total comprehensive income for the year		22,616	21,209	-	-	64	-	21,145	1,407
Contributions by and distributions to owners									
Purchase of treasury shares	26	-	-	-	*	-	-	-	-
Dividend on ordinary shares	29	(5,434)	(4,634)	-	-	-	-	(4,634)	(800)
		(5,434)	(4,634)	-	-	-	-	(4,634)	(800)
Changes in ownership interest in subsidiaries									
Acquisition of non-controlling interests		(1)	-	-	-	-	-	-	(1)
Cost of capital raising		3	-	-	-	-	3	-	-
Total transactions with owners in their capacity as owners		2	-	-	-	-	3	-	(1)
Closing balance at 31 December 2016		492,258	473,829	318,446	(11,097)	214	(1,943)	168,209	18,429

* Below RM1,000

Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			← Attributable to owners of the parent →						
				← Non-distributable →			Distributable		
2015									
Opening balance at 1 January 2015		475,518	455,415	318,446	(11,097)	4	-	148,062	20,103
Profit for the year		11,752	9,815	-	-	-	-	9,815	1,937
Other comprehensive income for the year, net of tax									
Foreign currency translation		204	146	-	-	146	-	-	58
Total comprehensive income for the year		11,956	9,961	-	-	146	-	9,815	1,995
Contributions by and distributions to owners									
Purchase of treasury shares	26	-	-	-	*	-	-	-	-
Dividend on ordinary shares	29	(6,979)	(6,179)	-	-	-	-	(6,179)	(800)
		(6,979)	(6,179)	-	-	-	-	(6,179)	(800)
Changes in ownership interest in subsidiaries									
Acquisition of non-controlling interests		(1,889)	(646)	-	-	-	(646)	-	(1,243)
Arising from reverse take over exercise		(3,532)	(1,300)	-	-	-	(1,300)	-	(2,232)
Total transactions with owners in their capacity as owners		(12,400)	(8,125)	-	-	-	(1,946)	(6,179)	(4,275)
Closing balance at 31 December 2015		475,074	457,251	318,446	(11,097)	150	(1,946)	151,698	17,823

* Below RM1,000

Statements of Changes in Equity
For the financial year ended 31 December 2016 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
2016					
Opening balance at 1 January 2016		331,679	318,446	(11,097)	24,330
Profit for the year, representing total comprehensive loss for the year		1,451	-	-	1,451
Contributions by and distributions to owners					
Purchase of treasury shares	26	-	-	*	-
Dividend on ordinary shares	29	(4,634)	-	-	(4,634)
Total contributions by and distributions to owners		(4,634)	-	-	(4,634)
Total transactions with owners in their capacity as owners		(3,183)	-	-	(3,183)
Closing balance at 31 December 2016		328,496	318,446	(11,097)	21,147

* Below RM1,000

Statements of Changes in Equity

For the financial year ended 31 December 2016 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
2015					
Opening balance at 1 January 2015		346,277	318,446	(11,097)	38,928
Loss for the year, representing total comprehensive loss for the year		(8,419)	-	-	(8,419)
Contributions by and distributions to owners					
Purchase of treasury shares	26	-	-	*	-
Dividend on ordinary shares	29	(6,179)	-	-	(6,179)
Total contributions by and distributions to owners		(6,179)	-	-	(6,179)
Total transactions with owners in their capacity as owners		(14,598)	-	-	(14,598)
Closing balance at 31 December 2015		331,679	318,446	(11,097)	24,330

* Below RM1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities				
Profit/(loss) before tax	30,722	17,830	1,341	(8,369)
Adjustments for:				
Reversal of provision for doubtful debts	-	-	(1,071)	-
Debts forgiven	-	(1,350)	-	-
Dividend income	-	-	(1,200)	(1,200)
Net loss/(gain) on disposal of plant and equipment	25	(543)	-	-
Interest income	(7,266)	(6,778)	(3,174)	(2,325)
Net unrealised gain on foreign exchange	(45)	(490)	-	-
Finance costs	7,167	6,560	3,174	2,325
Depreciation of property, plant and equipment	7,290	7,513	310	288
Amortisation of land use rights	28	28	-	-
Amortisation of quarry development expenditure	-	76	-	-
Bad debts written off	20	4	36	-
Doubtful debts expenses	-	6,022	-	8,922
Plant and equipment scrapped	14	9	-	-
Total adjustments	7,233	11,051	(1,925)	8,010
Operating cash flows before changes in working capital	37,955	28,881	(584)	(359)
Changes in working capital				
Decrease/(increase) in inventories	5,019	(8,799)	-	-
(Increase)/decrease in receivables	(15,540)	11,293	(114)	279
Increase/(decrease) in payables	8,621	(4,955)	240	161
Total changes in working capital	(1,900)	(2,461)	126	440
Cash flows from/(used in) operations	36,055	26,420	(458)	81
Interest received	716	549	3,174	2,325
Interest paid	(7,167)	(6,560)	(3,174)	(2,325)
Income taxes refunded	130	4,838	14	85
Income taxes paid	(4,746)	(7,066)	(57)	(131)
Net cash flows from/(used in) operating activities	24,988	18,181	(501)	35

Statements of Cash Flows
For the financial year ended 31 December 2016 (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Investing activities				
Net cash outflow on acquisition of a subsidiary	-	(1,841)	-	-
Purchase of property, plant and equipment	(6,187)	(20,111)	(27)	(373)
Acquisition of non-controlling interests	(1)	(1,950)	-	-
Subscription of additional shares in a subsidiary	-	-	-	(5,000)
Proceeds from disposal of plant and equipment	43	618	-	-
Additions of biological assets	(2,205)	(1,892)	-	-
Dividend received	-	-	1,200	1,200
Net investment in of short term money market funds	(2,013)	(193)	-	-
Increase in amounts due from subsidiary companies	-	-	(10,412)	(37,719)
Net cash flows used in investing activities	(10,363)	(25,369)	(9,239)	(41,892)
Financing activities				
Dividend paid to equity holders of the parent	(4,634)	(6,179)	(4,634)	(6,179)
Dividend paid to non-controlling interests	(800)	(800)	-	-
Cost of capital raising	3	-	-	-
Placements of fixed deposits	(16)	(609)	-	-
Purchase of treasury shares	*	*	-	-
Proceeds from borrowings	10,000	49,150	10,000	49,150
Repayment of borrowings	(21,770)	(32,750)	(12,000)	(23,000)
Repayment of obligations under finance leases	(880)	(1,042)	-	-
Net change in amounts due to subsidiary companies	-	-	15,995	22,159
Net cash flows (used in)/from financing activities	(18,097)	7,770	9,361	42,130
Net (decrease)/increase in cash and cash equivalents	(3,472)	582	(379)	273
Net foreign exchange difference	181	172	-	-
Cash and cash equivalents at 1 January	22,656	21,902	846	573
Cash and cash equivalents at 31 December (Note 22)	19,365	22,656	467	846

* Below RM1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2016

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah.

The holding company of the Company is MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The holding company produces financial statements available for public use.

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities and other information relating to the subsidiary companies are stated in Note 17 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following new and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2016.

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

(a) Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(b) Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments do not have any impact on the Group's financial statements as there were no interest acquired in a joint operation during the year.

(c) Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

(d) Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have a material impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(e) Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments do not have any impact on the Group's and the Company's financial statements.

(f) FRS 14: Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer, this standard would not apply.

(g) Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. These amendments do not have a significant impact on the Company's financial statements.

FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(g) Annual Improvements to FRSs 2012–2014 Cycle (cont'd)

FRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.

FRS 119: Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Annual Improvements to FRS Standards 2014-2016 Cycle:	
(i) Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to FRS 1: First-time Adoption of Financial Reporting Standards	1 January 2018
(iii) Amendments to FRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(a) Amendments to FRS 107: Disclosures Initiatives

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

(b) Amendments to FRS 112: Recognition of Deferred Tax for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

(c) FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards ("MFRS Framework") (cont'd)

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2016 could be different if prepared under the MFRS Framework.

The Group and the Company considers that it is achieving its scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting right of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The accounting policy for goodwill is set out in Note 2.12.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

-	Leasehold building	2%
-	Plantation infrastructure development expenditure	63 - 99 years
-	Long term leasehold land	63 - 99 years
-	Oil mill and other buildings	5% - 7%
-	Heavy equipment, plant and machinery	6% - 10%
-	Motor vehicles	15%
-	Furniture, fittings and equipment	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Service concession arrangements

The Group recognises revenue from the construction of the renewable energy power plant in accordance with its accounting policy for construction contracts set out in Note 2.9. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.16.

2.9 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. Summary of significant accounting policies (cont'd)

2.10 Biological assets

Biological assets comprise oil palm planting expenditure. New planting expenditure incurred on land clearing and upkeep of palms to maturity is stated at cost and capitalised under biological assets. A portion of the direct overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity.

The Group adopt the capital maintenance method and accordingly new planting expenditure are not amortised. Replanting expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or loss arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.12 Intangible assets

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

2. Summary of significant accounting policies (cont'd)

2.12 Intangible assets (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.15 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 19.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2016 and 2015.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale (AFS) financial investments (cont'd)

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 23.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Financial guarantee contracts (cont'd)

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Processed crude palm oil, milled oil palm produce and quarry inventories: costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

- Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

- Oil palm nurseries: purchase costs and upkeep expenses on a weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd)

2.21 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. Summary of significant accounting policies (cont'd)

2.23 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 33.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

> In the principal market for the asset or liability, or
> In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

> Level 1 -Quoted (unadjusted) market prices in active markets for identical assets or liabilities
> Level 2 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
> Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sales of plantation produce

Sales of plantation produce is recognised on an accrual basis upon delivery of products to customers, less returns.

(b) Sales of earth and stones

Sales of earth and stones is recognised upon delivery of products and customers' acceptance.

(c) Supply of electricity

Supply of electricity is recognised when electricity is generated and transmitted.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Management fees

Revenue from management service is recognised upon rendering of services to subsidiary companies.

(f) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.9.

2.25 Taxes

(a) Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

2. Summary of significant accounting policies (cont'd)

2.25 Taxes (cont'd)

(a) Current income tax (cont'd)

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. Summary of significant accounting policies (cont'd)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.30 Significant accounting judgement and estimates

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. This requires an estimation of the recoverable amounts of the cash-generating units to which goodwill are allocated.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 15.

(b) Service concession assets

The service concession assets are determined based on the fair values of the services delivered. In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Malaysia with an AAA rating. The bonds have been selected based on the expected duration of the tenure and taking into consideration the yield curve respectively.

(c) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the cultivation of oil palm and palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.62% (2015: 2.42%) variance in the Group's profit for the year.

2. Summary of significant accounting policies (cont'd)

2.30 Significant accounting judgement and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 19.

(e) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2016. Fair value of the investment properties was determined based on sales comparison approach.

3. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of:				
- crude palm oil	159,619	142,798	-	-
- palm kernel	35,889	26,371	-	-
- fresh fruit bunches	18,552	9,872	-	-
- earth and stones	1,228	1,116	-	-
- empty fruit bunches oil	9,937	6,260	-	-
Construction of service concession power plants	16,809	31,790	-	-
Supply of electricity	12,634	10,014	-	-
Management fees from subsidiaries	-	-	2,818	2,956
Dividend income from subsidiaries	-	-	1,200	1,200
	254,668	228,221	4,018	4,156

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

4. Interest income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest on:				
- Advances given	-	-	3,174	2,325
- Short term investments and fixed deposits	716	549	*	*
- Amount due from customer on service concession	6,550	6,229	-	-
	7,266	6,778	3,174	2,325

* Below RM1,000

5. Other income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Compensation on termination of emissions reduction purchase agreements	67	1,899	-	-
Bad debts recovered	43	-	-	-
Debts forgiven	-	1,350	-	-
Equipment hiring income	63	218	-	-
Net gain on disposal of plant and equipment	2	543	-	-
Rental income	3	4	-	-
Sale of:				
- scrapped iron	31	96	-	-
- sludge oil	-	437	-	-
- bunch ash	76	-	-	-
Gain on foreign exchange				
- realised	*	67	-	-
- unrealised	390	644	-	-
Miscellaneous	156	178	-	-
Reversal of provision for doubtful debts	-	-	1,071	-
	831	5,436	1,071	-

* Below RM1,000

Notes to the Financial Statements

For the financial year ended 31 December 2016 (cont'd)

6. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Bank loans	4,103	3,523	1,568	795
Revolving credits	2,974	2,914	1,606	1,530
Obligation under finance leases	90	123	-	-
	7,167	6,560	3,174	2,325

7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration:				
- statutory audit				
- current year	374	158	48	40
- underprovision in prior years	28	13	11	2
- other services	72	41	3	3
Employee benefits expense (Note 8)	25,944	25,613	2,528	2,315
Non-executive Directors' remuneration (Note 9)	159	219	159	163
Depreciation of property, plant and equipment (Note 12)	7,290	7,513	310	288
Plant and equipment scrapped	14	9	-	-
Amortisation of land use rights (Note 16)	28	28	-	-
Amortisation of quarry development expenditure (Note 12)	-	76	-	-
Bad debts written off	20	4	36	-
Loss on foreign exchange				
- realised	49	-	-	-
- unrealised	345	154	-	-
Loss on disposal of plant and equipment	27	-	-	-
Rental of land and buildings	227	213	-	-
Doubtful debts expenses	-	6,022	-	8,922
Director remuneration (Note 9)	2,800	2,494	925	852
Rental of computer software	1	3	-	-

* Below RM1,000

8. Employee benefits expense

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Wages and salaries	24,911	24,947	2,269	2,082
Contributions to defined contribution plan	1,239	1,199	250	225
Social security contributions	114	105	9	8
	26,264	26,251	2,528	2,315
Capitalised in:				
- Immature plantations	298	570	-	-
- Inventories	22	68	-	-
Recognised in income statement	25,944	25,613	2,528	2,315

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,800,358 (2015: RM2,493,636) and RM925,044 (2015: RM851,628) respectively.

9. Directors' remuneration

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Executive:				
Salaries and bonus	2,478	2,281	826	761
Allowance	124	-	-	-
Fees	-	30	-	-
Defined contribution plan	198	183	99	91
Total executive directors' remuneration (Note 8)	2,800	2,494	925	852
Non-executive:				
Fees (Note 7)	159	219	159	163
Total directors' remuneration	2,959	2,713	1,084	1,015

9. Directors' remuneration (cont'd)

The details of remuneration receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive:				
Salaries and bonus	1,652	1,520	826	761
Allowance	80	-	-	-
Fees	-	20	-	-
Defined contribution plan	198	183	99	91
	1,930	1,723	925	852
Non-executive:				
Fees	159	163	159	163
	2,089	1,886	1,084	1,015

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2016	2015
Executive Directors:		
RM850,001 to RM900,000	-	2
RM900,001 to RM1,000,000	2	-
Non-executive Directors:		
RM50,001 to RM100,000	3	3

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	5,767	4,922	1	68
- Under/(over)provision in respect of previous years	33	173	8	(19)
	5,800	5,095	9	49
Deferred income tax:				
- Origination and reversal of temporary differences	2,049	777	(41)	(1)
- Under/(over)provision in respect of previous years	384	269	(78)	2
- Effect of reduction in tax rate	-	(63)	-	-
	2,433	983	(119)	1
Income tax expense recognised in profit or loss	8,233	6,078	(110)	50

10. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(loss) before tax	30,722	17,830	1,341	(8,369)
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	7,373	4,458	322	(2,092)
Adjustments:				
Effect of reduction in tax rate	-	(63)	-	-
Income not subject to taxation	(91)	(631)	(545)	(300)
Non-deductible expenses	534	1,936	183	2,459
Effect of utilisation previously unrecognised unabsorbed capital allowances	-	(36)	-	-
Deferred tax recognised at different tax rate	-	(28)	-	-
Under/(over)provision of current income tax in respect of previous years	33	173	8	(19)
Under/(over)provision of deferred income tax in respect of previous years	384	269	(78)	2
Income tax expense recognised in profit or loss	8,233	6,078	(110)	50

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share is same as basic earnings per share.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2016 and 2015:

	Group	
	2016 RM'000	**2015 RM'000**
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	21,145	9,815
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation *	308,967	308,967
Basic earnings per share (sen)	6.84	3.18

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

12. Property, plant and equipment

	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Group							
Cost							
At 1 January 2015:							
At 1 January 2015	63,141	90,587	88,187	5,960	4,874	12,072	264,821
Additions	-	191	5,284	266	336	15,684	21,761
Scrapped	-	-	(11)	(140)	(20)	-	(171)
Transfer to trade receivables	-	(3,355)	(23,875)	-	(203)	(5,829)	(33,262)
Disposal	(77)	-	-	(139)	-	-	(216)
Acquisition of subsidiary	-	-	-	-	34	-	34
Reclassifications	-	1,725	2,342	-	119	(4,186)	-
At 31 December 2015	63,064	89,148	71,927	5,947	5,140	17,741	252,967
Accumulated depreciation and impairment losses							
At 1 January 2015	5,809	17,262	43,713	3,983	2,985	-	73,752
Depreciation charge for the year (Note 7)	775	2,496	3,504	497	317	-	7,589
Scrapped	-	-	(7)	(138)	(17)	-	(162)
Disposal	(8)	-	-	(133)	-	-	(141)
Transfer to trade receivables	-	(275)	(2,093)	-	(29)	-	(2,397)
Acquisition of subsidiary	-	-	-	-	32	-	32
At 31 December 2015	6,576	19,483	45,117	4,209	3,288	-	78,673
Net carrying amount							
At 31 December 2015	56,488	69,665	26,810	1,738	1,852	17,741	174,294

12. Property, plant and equipment (cont'd)

	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Group							
Cost							
At 1 January 2016:							
At 1 January 2016	63,064	89,148	71,927	5,947	5,140	17,741	252,967
Additions	-	54	1,742	300	252	3,939	6,287
Scrapped	-	-	(37)	-	(12)	-	(49)
Disposal	-	-	(82)	(124)	-	-	(206)
Reclassifications	-	9,989	192	-	-	(10,181)	-
At 31 December 2016	63,064	99,191	73,742	6,123	5,380	11,499	258,999
Accumulated depreciation and impairment losses							
At 1 January 2016	6,576	19,483	45,117	4,209	3,288	-	78,673
Depreciation charge for the year (Note 7)	776	2,473	3,207	501	333	-	7,290
Scrapped	-	-	(28)	-	(7)	-	(35)
Disposal	-	-	(45)	(93)	-	-	(138)
At 31 December 2016	7,352	21,956	48,251	4,617	3,614	-	85,790
Net carrying amount							
At 31 December 2016	55,712	77,235	25,491	1,506	1,766	11,499	173,209

12. Property, plant and equipment (cont'd)

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
Cost					
At 1 January 2016:					
At 1 January 2016	780	34,701	44,219	9,448	89,148
Additions	-	40	14	-	54
Reclassifications	-	429	9,560	-	9,989
At 31 December 2016	780	35,170	53,793	9,448	99,191
Accumulated depreciation and impairment losses					
At 1 January 2016:					
At 1 January 2016	188	14,764	3,566	965	19,483
Depreciation charge for the year	-	1,923	550	-	2,473
At 31 December 2016	188	16,687	4,116	965	21,956
Net carrying amount					
At 31 December 2016	592	18,483	49,677	8,483	77,235

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

12. Property, plant and equipment (cont'd)

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
Cost					
At 1 January 2015:					
At 1 January 2015	780	35,912	44,447	9,448	90,587
Additions	-	161	30	-	191
Transfer to trade receivables	-	(3,355)	-	-	(3,355)
Reclassifications	-	1,386	339	-	1,725
At 31 December 2015	780	34,104	44,816	9,448	89,148
Accumulated depreciation and impairment losses					
At 1 January 2015:					
At 1 January 2015	188	13,108	3,077	889	17,262
Depreciation charge for the year	-	1,884	536	76	2,496
Transfer to trade receivables	-	(228)	(47)	-	(275)
At 31 December 2015	188	14,764	3,566	965	19,483
Net carrying amount					
At 31 December 2015	592	19,937	40,653	8,483	69,665

12. Property, plant and equipment (cont'd)

Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2016				
Cost				
At 1 January 2016	3,790	670	-	4,460
Additions	-	27	-	27
At 31 December 2016	3,790	697	-	4,487
Accumulated depreciation				
At 1 January 2016	1,072	274	-	1,346
Depreciation charge for the year (Note 7)	242	68	-	310
At 31 December 2016	1,314	342	-	1,656
Net carrying amount				
At 31 December 2016	2,476	355	-	2,831
At 31 December 2015				
Cost				
At 1 January 2015	3,438	523	126	4,087
Additions	-	28	345	373
Reclassification	352	119	(471)	-
At 31 December 2015	3,790	670	-	4,460
Accumulated depreciation				
At 1 January 2015	845	213	-	1,058
Depreciation charge for the year (Note 7)	227	61	-	288
At 31 December 2015	1,072	274	-	1,346
Net carrying amount				
At 31 December 2015	2,718	396	-	3,114

12. Property, plant and equipment (cont'd)

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM6,287,185 and RM27,000 (2015: RM21,760,623 and RM373,012) respectively as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment acquired under finance lease	100	1,650	-	-
Cash payments made for acquisition of property, plant and equipment	6,187	20,111	27	373
	6,287	21,761	27	373

(ii) Assets held under finance leases

The net carrying amount of plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2016 RM'000	2015 RM'000
Heavy equipment	2,423	2,925
Motor vehicles	717	602
	3,140	3,527

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 23.

Notes to the Financial Statements

For the financial year ended 31 December 2016 (cont'd)

12. Property, plant and equipment (cont'd)

(iii) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 23) are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Long term leasehold land	15,516	15,750
Buildings	13,845	14,773
Plant and machinery	20,839	24,423
Plantation infrastructure development expenditure	36,381	27,197
Furniture, fittings and equipment	1,242	1,264
Assets under construction	11,097	17,741
	98,920	101,148

13. Biological assets

Plantation development expenditure

	Group	
	2016 RM'000	**2015 RM'000**
Cost		
At 1 January	159,091	157,199
Additions during the financial year	2,205	1,892
At 31 December	161,296	159,091

Additions during the financial year included the following:

Employee benefits expense (Note 8)	298	570

The Group's biological assets with a net carrying amount of RM50,445,061 (2015: RM48,240,190) are mortgaged to secure the Group's bank loans as disclosed in Note 23.

14. Investment properties

	Group 2016 RM'000	Group 2015 RM'000
Freehold land at fair value		
At 1 January and 31 December	42,700	42,700

Fair value information

Fair value of investment properties are categories as follows:

	Group 2016 Level 3 RM'000	Group 2015 Level 3 RM'000
Freehold land	42,700	42,700

As at 31 December 2016 and 2015, the fair values of the properties are based on valuation performed by an accredited independent valuer.

The Group carried its investment properties at fair value with changes in fair value being recognised in the statement of profit or loss.

Fair value of freehold land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

15. Intangible assets

	Group 2016 RM'000	Group 2015 RM'000
Goodwill		
At 1 January and 31 December	92,088	92,088

15. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill which arose from business combinations has been allocated to cash-generating units ("CGU") of plantation & quarry and milling segment for impairment testing.

The carrying amount of goodwill has been allocated to the Group's CGU identified according to business segments as follows:

	Group 2016 RM'000	Group 2015 RM'000
Plantation & quarry segment	59,982	59,982
Mill segment	32,106	32,106
	92,088	92,088

The recoverable amount of the above CGU has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period based on the following assumptions:

	Group 2016
CPO per MT (RM)	2,600
PK per MT (RM)	1,700
Pre-tax discount rate (%)	8.5%–10.8%
Growth rate	1%

(i) CPO and PK prices are based on the current market outlook of product prices relating to the CGU.

(ii) Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital.

(iii) Growth rate for the plantation & quarry and milling segment are determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions based on the industry trends and past performances of the segment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the plantation & quarry and mill segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU, including the goodwill to materially exceed their recoverable amounts.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

16. Land use rights

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At 1 January and 31 December	2,236	2,236
Accumulated amortisation		
At 1 January	242	214
Amortisation for the year (Note 7)	28	28
At 31 December	270	242
Net carrying amount		
At 31 December	1,966	1,994
Amount to be amortised:		
- Not later than one year	28	28
- Later than one year but not later than five years	112	112
- Later than five years	1,826	1,854
	1,966	1,994

17. Investments in subsidiaries

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost:		
At 1 January	342,505	337,505
Subscriptions of additional shares	-	5,000
At 31 December	342,505	342,505

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2016	2015
Incorporated in Malaysia:			
Held by the Company:			
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100	100
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100	100
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100	100
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100	100
Kovusak Sdn. Bhd.	Cultivation of oil palm	100	100
Libarran Island Resort Sdn. Bhd.	Investment holding	100	100
Bakara Sdn. Bhd.	Cultivation of oil palm	100	100
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100	100
Prima Semasa Sdn. Bhd.	Cultivation of oil palm	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100
Cash Nexus (M) Sdn. Bhd.	Investment holding	100	100
Magnum Kapital Sdn. Bhd.	Investment holding	100	100
Hikayat Anggun Sdn. Bhd.	Investment holding	100	100
Aspenglade Sdn. Bhd.	Dormant	100	100
Ekuiti Etika Sdn. Bhd.	Dormant	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2016	2015
Incorporated in Malaysia:			
Held through Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100	100
Jutategak Sdn. Bhd.	Cultivation of oil palm	100	100
Liga Semarak Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Cergas Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Bernas Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100	100
Swifturn Sdn. Bhd.	Letting of oil palm fresh fruit bunches collection center	100	100
Held through Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Investment property holding	100	100
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Power Precinct Sdn. Bhd.	Investment holding	100	100
Cash Horse (M) Sdn. Bhd.	Power generation and sale of biomass by-products	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2016	2015
Held through **Cash Nexus (M) Sdn. Bhd.** (cont'd)			
Incorporated in Australia:			
Timah Resources Limited# ^	Investment holding	61.51	61.51
Held through **Magnum Kapital Sdn. Bhd.**			
Incorporated in Singapore:			
Richester Pte Ltd.#	Investment holding	100	100
Held through **Hikayat Anggun Sdn. Bhd.**			
Incorporated in Australia:			
Carbon Asia Pacific Pty Ltd *	Dormant	-	100
Held through **Timah Resources Limited**			
Mistral Engineering Sdn. Bhd.	Power generation	61.51	61.51

Audited by firm other than Ernst & Young
* Deregistered
^ Listed on the Australian Securities Exchange Ltd or ASX Limited

Details and summarised financial information of subsidiaries which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Details of subsidiaries

Name of company	Proportion of ownership interest held by non-controlling interests 2016 %	2015 %
Ladang Cepat – KPD Sdn. Bhd.	40	40
Mistral Engineering Sdn. Bhd.	38.49	38.49
Timah Resources Limited	38.49	38.49

17. Investments in subsidiaries (cont'd)

(ii) Summarised statements of financial position

	Ladang Cepat-KPD Sdn. Bhd. 2016 RM'000	Ladang Cepat-KPD Sdn. Bhd. 2015 RM'000	Cash Horse (M) Sdn. Bhd. 2016 RM'000	Cash Horse (M) Sdn. Bhd. 2015 RM'000	Mistral Engineering Sdn. Bhd. 2016 RM'000	Mistral Engineering Sdn. Bhd. 2015 RM'000	Timah Resources Limited 2016 RM'000	Timah Resources Limited 2015 RM'000	Total 2016 RM'000	Total 2015 RM'000
Non-current assets	22,428	22,465	109,813	116,445	52,138	34,117	26,161	26,162	210,540	199,189
Current assets	17,631	14,841	14,583	7,407	2,620	2,722	6,236	6,351	41,070	31,321
Total assets	40,059	37,306	124,396	123,852	54,758	36,839	32,397	32,513	251,610	230,510
Current liabilities	1,460	1,151	88,188	85,723	36,504	16,903	412	95	126,564	103,872
Non-current liabilities	4,022	4,023	31,715	36,789	8,939	10,229	-	-	44,676	51,041
Total liabilities	5,482	5,174	119,903	122,512	45,443	27,132	412	95	171,240	154,913
Net assets	34,577	32,132	4,493	1,340	9,315	9,707	31,985	32,418	80,370	75,597
Equity attributable to owners of the Company	14,982	13,460	4,493	1,340	5,995	6,239	36,471	36,735	61,941	57,774
Non-controlling interests	19,595	18,672	-	-	3,320	3,468	(4,486)	(4,317)	18,429	17,823

17. Investments in subsidiaries (cont'd)

	Ladang Cepat-KPD Sdn. Bhd.		Cash Horse (M) Sdn. Bhd.		Mistral Engineering Sdn. Bhd.		Timah Resources Limited		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(iii) Summarised statements of comprehensive income										
Revenue	13,362	9,986	22,484	16,273	18,580	34,013	-	-	54,426	60,272
Profit/(loss) for the year	4,445	2,131	3,151	(3,352)	(392)	2,861	(600)	1,228	6,604	2,868
Profit/(loss) attributable to:										
Owners of the Company	2,721	1,331	3,151	(3,165)	(243)	2,010	(369)	755	5,260	931
Non-controlling interests	1,724	800	-	(187)	(149)	851	(231)	473	1,344	1,937
	4,445	2,131	3,151	(3,352)	(392)	2,861	(600)	1,228	6,604	2,868
Other comprehensive income attributable to:										
Owners of the Company	-	-	-	-	-	-	100	92	100	92
Non-controlling interests	-	-	-	-	-	-	63	58	63	58
	-	-	-	-	-	-	163	150	163	150
Total comprehensive income/(loss)	4,445	2,131	3,151	(3,352)	(392)	2,861	(437)	1,378	6,767	3,018
Total comprehensive income/(loss) attributable to:										
Owners of the Company	2,721	1,331	3,151	(3,165)	(243)	2,010	(269)	847	5,360	1,023
Non-controlling interests	1,724	800	-	(187)	(149)	851	(168)	531	1,407	1,995
	4,445	2,131	3,151	(3,352)	(392)	2,861	(437)	1,378	6,767	3,018

17. Investments in subsidiaries (cont'd)

	Ladang Cepat-KPD Sdn. Bhd.		Cash Horse (M) Sdn. Bhd.		Mistral Engineering Sdn. Bhd.		Timah Resources Limited		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(iv) Summarised cash flows										
Net cash generated from/(used in) operating activities	4,801	2,052	8,712	8,224	17,709	9,901	(466)	(427)	30,756	19,750
Net cash (used in)/ generated from investing activities	(2,318)	158	(1,953)	(1,504)	(16,411)	(7,764)	178	-	(20,504)	(9,110)
Net cash used in financing activities	(2,000)	(2,000)	(6,225)	(6,860)	(1,664)	(1,667)	-	-	(9,889)	(10,527)
Net increase/(decrease) in cash and cash equivalents	483	210	534	(140)	(366)	470	(288)	(427)	363	113
Net foreign exchange difference	-	-	-	-	-	-	181	166	181	166
Cash and cash equivalents at beginning of the year	2,751	2,541	2,885	3,025	569	99	6,308	6,569	12,513	12,234
Cash and cash equivalents at end of the year	3,234	2,751	3,419	2,885	203	569	6,201	6,308	13,057	12,513

18. Deferred tax

Deferred income tax as at reporting date relates to the following:

	As at 1 January 2015 RM'000	Recognised in profit or loss RM'000	As at 31 December 2015 RM'000	Recognised in profit or loss RM'000	As at 31 December 2016 RM'000
Group					
Deferred tax liabilities:					
Investment properties	1,121	-	1,121	-	1,121
Property, plant and equipment	25,400	1,164	26,564	(1,191)	25,373
Biological assets	34,056	633	34,689	555	35,244
Amount due from customer on service concession	9,038	3,656	12,694	8,053	20,747
	69,615	5,453	75,068	7,417	82,485
Deferred tax assets:					
Provision for bonus	-	-	-	(628)	(628)
Unutilised tax losses	(6,545)	(479)	(7,024)	83	(6,941)
Unabsorbed agriculture and capital allowances	(18,015)	(4,769)	(22,784)	(4,466)	(27,250)
Unabsorbed reinvestment allowances	(1,382)	778	(604)	27	(577)
	(25,942)	(4,470)	(30,412)	(4,984)	(35,396)
	43,673	983	44,656	2,433	47,089
Company					
Deferred tax liabilities:					
Property, plant and equipment	56	1	57	(6)	51
Deferred tax assets:					
Provision for bonus	-	-	-	(113)	(113)
	56	1	57	(119)	(62)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,204)	(3,423)	(62)	-
Deferred tax liabilities	50,293	48,079	-	57
	47,089	44,656	(62)	57

18. Deferred tax (cont'd)

Unrecognised deferred tax assets

At the reporting date, the Group has unabsorbed capital allowances of approximately RM905,565 (2015: RM897,577) that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade receivables				
Third parties	11,829	5,112	-	-
Amount due from customer on service concession	5,509	4,807	-	-
Less: Allowance for impairment	(343)	(347)	-	-
Trade receivables, net	16,995	9,572	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	30,672	33,838
Deposits	1,448	1,493	72	21
GST receivables	402	287	2	1
Prepayments	1,039	1,151	62	2
Termination compensation receivable	1,328	1,299	-	-
Sundry receivables	1,550	800	274	272
	5,767	5,030	410	296
Less: Allowance for impairment	(976)	(973)	(272)	(272)
Other receivables, net	4,791	4,057	138	24
Other assets				
Prepayment of equity shares in a foreign company	7,901	-	-	-
Less: Allowance for impairment	(7,415)	-	-	-
	486	-	-	-
	22,272	13,629	30,810	33,862

19. Trade and other receivables (cont'd)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-Current				
Trade receivables				
Amount due from customer on service concession	149,502	133,938	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	43,572	28,327
- Non-interest bearing advances	-	-	18,466	20,169
Termination compensation receivable	-	600	-	-
	-	600	62,038	48,496
Less: Allowance for impairment	-	-	(7,851)	(8,922)
Other receivables, net	-	600	54,187	39,574
Other assets				
Prepayment of equity shares in a foreign company	-	8,947	-	-
Less: Allowance for impairment	-	(7,408)	-	-
	-	1,539	-	-
	149,502	136,077	54,187	39,574
Total trade and other receivables (current and non-current)	171,774	149,706	84,997	73,436
Add: Cash and cash equivalents (Note 22)	21,521	24,796	467	846
Less: Prepayments and non refundable deposits	(1,234)	(1,309)	(62)	(2)
Total loans and receivables	192,061	173,193	85,402	74,280

19. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2015: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	16,975	9,025
31 to 60 days past due not impaired	20	97
61 to 90 days past due not impaired	-	4
More than 91 days past due not impaired	-	446
	20	547
Impaired	343	347
	17,338	9,919

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,878 (2015: RM546,813) that are past due at the reporting date but not impaired.

Trade receivables that are impaired

	Group 2016 RM'000	Group 2015 RM'000
At 1 January	347	533
Charge for the year	-	109
Written off	(4)	(295)
At 31 December	343	347

19. Trade and other receivables (cont'd)

(b) Other receivables

These amounts are unsecured and are repayable upon demand.

The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

Other receivables that are impaired

	Group	
	2016 RM'000	2015 RM'000
At 1 January	8,381	2,468
Charge for the year	54	5,913
Written off	(44)	-
At 31 December	8,391	8,381

(c) Prepayment of equity shares in a foreign company

On 7 September 2011, a wholly owned subsidiary, Magnum Kapital Sdn. Bhd., entered into a Conditional Sale and Purchase Agreement ("CSPA") with three Indonesian citizens in relation to the proposed acquisition of 500 fully paid up shares of IDR25,000,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125). The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA. As at 31 December 2015, the Group has incurred incidental cost of RM8,901,280 to satisfy certain conditions as stated in the CSPA. However, the Board of Directors has decided to dispose the rights and discontinue with the completion of the acquisition in 2015. An offer for RM1,539,000 was accepted in 2015 and hence, a further impairment loss of RM5,408,000 (2014: RM2,000,000) was recognized in the previous financial year for the shortfall between the estimated disposal price and the total investment cost and incidental cost incurred.

On 15 May 2016, the disposal was completed and the RM485,913 in the statement of financial position represents the last instalment, which was settled subsequent to year end.

(d) Termination compensation receivable

The fair value of the termination compensation receivable is measured initially at the fair value at a discounted rate of 5.43%.

19. Trade and other receivables (cont'd)

(e) Service concession arrangements

A subsidiary of the Company, Cash Horse (M) Sdn. Bhd. ("CHSB"), and Sabah Electricity Sdn Bhd ("SESB") have entered into the Renewable Energy Power Purchase Agreement on 2 November 2010 ("REPPA") to design, construct, own, operate and maintain a Renewable Energy Power Plant ("the Facilities"), to sell and deliver electrical energy to SESB under the Small Renewable Energy Power Programme.

In accordance to the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generate from the Facilities at a fixed tariff for 21 years from the commercial operation date.

On 1 January 2015, CHSB entered into FiT-REPPA with SESB to design, construct own and maintain the facility and to sell and deliver electrical energy to SESB under Feed-In Tariff Programme in which the REPPA entered previously has been terminated by a Settlement Agreement. The Construction of the facility commenced in 2012 and was completed and available for use in 2014. Under the terms of new agreement, CHSB will operate for a period of 16 years starting from 1 January 2015. CHSB will be responsible for any maintenance service required during the concession period. On 1 April 2015, Mistral Engineering Sdn. Bhd. ("MESB") had also entered into FiT-REPPA with SESB to design, construct own and maintain the facility and to sell and deliver electrical energy to SESB under Feed-In Tariff Programme. The Construction of the facility commenced in 2014 and has yet to be completed as at year end. It was completed and available for use on 14 February 2017. Under the terms of agreement, CHSB and MESB will operate for a period of 16 years starting from 1 January 2015 and 15 February 2017 respectively. CHSB and MESB will be responsible for any maintenance service required during the concession period.

For the year ended 31 December 2016, CHSB has recognised revenue of RM12 million (2015: RM10 million) on the operation of the facility. The revenue recognised in relation to construction in 2014 represents the fair value of the construction services provide in constructing the facility. CHSB has recognised a service concession receivable, measured initially at the fair value of the construction services discounted at a rate of 4.6%.

For the year ended 31 December 2016, MESB has recognised revenue of RM16.89 million (2015: RM31 million) consisting RM16.8 million (2015: RM31 million) on construction of the facility and RM0.09 million (2015: Nil) on the operation of the facility. The revenue recognised in relation to construction in 2015 represents the fair value of the construction services provided in constructing the facility. CHSB has recognised a service concession receivable, measured initially at the fair value of the construction services discounted at a rate of 5.45%.

Notes to the Financial Statements

For the financial year ended 31 December 2016 (cont'd)

20. Inventories

	Group 2016 RM'000	Group 2015 RM'000
Cost		
Shell	45	26
Fibre	72	112
Empty fruit bunches	40	23
Empty fruit bunches oil	44	12
Crude palm oil	-	7,846
Palm kernels	1,233	819
Quarry stocks	16,746	16,901
Fertilisers and chemicals	640	1,297
Store, spares and consumable supplies	1,589	1,996
Nurseries	556	390
	20,965	29,422
Net realisable value		
Crude palm oil	3,438	-
	24,403	29,422

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM13,657,290 (2015: RM13,123,278).

21. Short term investments

	Group 2016 RM'000	Group 2015 RM'000
AmIncome	11,853	10,329
AmCash Management	1,245	756
	13,098	11,085

(a) AmIncome

AmIncome is a short to medium-term money market fund that aims to provide investors with a stream of income. The withdrawal proceeds will be received in the following manner:

(i) the first RM2 million and below withdrawn, not later than the 7th day of receipt of repurchase notice; and

(ii) any amount above RM2 million withdrawn, not later than the 30th day of receipt of repurchase notice.

21. Short term investments (cont'd)

(b) AmCash Management

AmCash Management is a short-term money market fund designed to provide investors with a stream of income. It is managed with the aim of maintaining the Fund's unit price at RM1. The redemption proceeds for investments in AmCash Management will normally be collected by the next business day.

Short term investments earn interest at respective short term deposit rates. The weighted average effective interest rates at 31 December 2016 were 2.59% to 3.24% (2015: 3.01% to 3.27%) per annum.

22. Cash and bank balances

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash at bank and on hand	10,965	15,075	467	846
Short term deposits with licensed banks	10,556	9,721	-	-
Cash and bank balances	21,521	24,796	467	846

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to one month depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2016 for the Group was 3.19% (2015: 3.02%).

Short term deposits with licensed banks of the Group amounting to RM2,156,224 (2015: RM2,139,936) are pledged as securities for banking facilities.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash at bank and on hand	10,965	15,075	467	846
Short term deposits with licensed banks	8,400	7,581	-	-
Cash and cash equivalents	19,365	22,656	467	846

23. Loans and borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Secured:				
Obligation under finance leases (Note 31(c))	717	874	-	-
Revolving credits:				
- at ICOF + 1.20% p.a.	23,000	28,000	23,000	28,000
- at COF + 1.125% p.a.	16,000	16,000	-	-
- at COF + 1.5% p.a.	10,000	10,000	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	2,100	2,100	-	-
- RM loan at COF + 1.5% p.a.	7,987	7,650	-	-
- RM loan at COF + 1.1% p.a.	4,000	4,000	4,000	4,000
	63,804	68,624	27,000	32,000
Non-current				
Secured:				
Obligation under finance leases (Note 31(c))	313	936	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	1,927	4,046	-	-
- RM loan at COF + 1.5% p.a.	37,925	45,913	-	-
- RM loan at COF + 1.1% p.a.	26,150	23,150	26,150	23,150
	66,315	74,045	26,150	23,150
Total loans and borrowings	130,119	142,669	53,150	55,150

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within one year	63,804	68,624	27,000	32,000
More than 1 year and less than 2 years	16,148	14,773	4,000	4,000
More than 2 years and less than 5 years	40,017	46,372	12,000	12,000
5 years or more	10,150	12,900	10,150	7,150
	130,119	142,669	53,150	55,150

23. Loans and borrowings (cont'd)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 5.95% p.a. (2015: 6.50% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

Revolving credits

These are denominated in RM and secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, sub-divided land together with the power plant erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.125% p.a.

This loan is secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.5% p.a.

This loan is secured by legal charges over sub-divided land together with the power plant erected thereon of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of the subsidiary companies and corporate guarantees given by the Company.

RM loan at COF + 1.1% p.a.

This loan is secured by legal charges over certain leasehold plantations, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the subsidiary companies.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

24. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	12,120	8,736	-	-
Other payables				
Amounts due to subsidiaries	-	-	47,948	31,953
Accruals	7,091	7,224	1,270	1,048
Provision for work-in-progress	5,214	455	-	-
CPO sales tax and MPOB cess	1,436	746	-	-
Retention sum payable to contractor	1,455	2,644	-	-
Sundry payables	3,845	3,019	54	36
GST payable	667	376	-	-
	19,708	14,464	49,272	33,037
Total trade and other payables	31,828	23,200	49,272	33,037
Add: Loans and borrowings (Note 23)	130,119	142,669	53,150	55,150
Total financial liabilities carried at amortised cost	161,947	165,869	102,422	88,187

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2015: 30 to 90 days) terms.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(c) Sundry payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2015: average term of three months).

25. Lease rental payable

This represents sublease rental for 107 parcels of leasehold land of certain subsidiary companies payable over the remaining lease term of 49 years commencing in the year 2049.

26. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	2016	2015	2016 RM'000	2015 RM'000
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

	Number of ordinary shares of RM1 each		Amount	
Issued and fully paid	Share capital	Treasury share	Share capital RM'000	Treasury share RM'000
At 1 January 2015	318,446,210	(9,478,900)	318,446	(11,097)
Purchase of treasury shares	-	(200)	-	*
At 31 December 2015	318,446,210	(9,479,100)	318,446	(11,097)
Purchase of treasury shares	-	(100)	-	*
At 31 December 2016	318,446,210	(9,479,200)	318,446	(11,097)

* Below RM1,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 100 of its issued ordinary shares from open market at an average price of RM0.725 per share. The total consideration paid for the repurchase includes transaction costs of RM116.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

27. Reserves

	Group 2016 RM'000	Group 2015 RM'000
Foreign currency translation reserve	214	150
Other reserve	(1,943)	(1,946)
	(1,729)	(1,796)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve represents the difference between the adjusted carrying amount of the non-controlling interests and the fair value of the consideration paid.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2016 and 31 December 2015 under the single tier system.

29. Dividend

	Group and Company 2016 RM'000	Group and Company 2015 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single-tier dividend for 2015 of 1.5 sen (2014: 2 sen) per share	4,634	6,179

On 22 February 2017, the directors approved a single-tier dividend of 1.5 sen on 308,967,010 ordinary shares, amounting to RM4,634,505 (1.5 sen per ordinary share) payable on 19 May 2017. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2017.

Notes to the Financial Statements
For the financial year ended 31 December 2016 (cont'd)

30. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group or the Company and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2016	**2015**
	RM'000	**RM'000**
Transactions with subsidiary companies:		
Management fees received	2,818	2,956
Interest on advances given	3,173	2,325
Gross dividend income	1,200	1,200

(b) Compensation of key management personnel

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	4,902	5,046	1,781	1,539
Defined contribution plan	455	497	195	164
	5,357	5,543	1,976	1,703

31. Commitments

The Group's commitments as at the reporting date are as follows:

(a) Capital commitments

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment:				
Approved and contracted for	4,020	15,964	-	-
Approved but not contracted for	6,014	18,673	-	-
	10,034	34,637	-	-

31. Commitments (cont'd)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(b) Service concession facilities commitments				
Approved and contracted for	4,887	13,489	-	-
Approved but not contracted for	923	-	-	-
	5,810	13,489	-	-

(c) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, heavy equipment, plant and machinery (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Minimum lease payments:		
Not later than 1 year	757	963
Later than 1 year and not later than 2 years	279	724
Later than 2 years and not later than 5 years	43	255
Total minimum lease payments	1,079	1,942
Less: Amounts representing finance charges	(49)	(132)
Present value of minimum lease payments	1,030	1,810
Present value of payments:		
Not later than 1 year	717	874
Later than 1 year and not later than 2 years	271	686
Later than 2 years and not later than 5 years	42	250
Present value of minimum lease payments	1,030	1,810
Less: Amount due within 12 months (Note 23)	(717)	(874)
Amount due after 12 months (Note 23)	313	936

32. Contingent Liabilities

The Company's wholly owned subsidiary, Suara Baru Sdn. Bhd. ("SBSB") had commenced legal proceedings against Borhill Estates Sdn. Bhd. ("BESB") in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 ("Suit") on 19 July 2013 to claim for the sum of RM115,169, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones ("Stones") supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM5,612,850 in respect of BESB's purported loss of profit allegedly caused by SBSB's alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Suit No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The Suit is now fixed for trial from 1 August 2016 to 5 August 2016. On 8 December 2016, the trial of the Suit has been concluded. SBSB has filed its closing submissions on 3 February 2017 and Submissions in Reply to BESB's Written Submissions on 20 February 2017. The Suit is now fixed for ruling on 24 April 2017.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and the Group as the Company expects that pursuant to the facts of the case, the documents presently available and advice of its solicitors, the Company will be able to advance a cogent defence to BESB's counterclaim.

33. Fair value of financial instruments

Set out below, is a comparison by classes of the carrying amounts and fair values of the financial instruments, other than those with carrying amounts are reasonable approximate of fair value:

	2016		**2015**	
	Carrying Amount RM'000	**Fair Value (Level 2) RM'000**	**Carrying Amount RM'000**	**Fair Value (Level 2) RM'000**
Group				
Financial Liabilities:				
Loans and borrowings (non current)				
- Obligations under finance lease	313	303	936	1,112

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, short-term loan and borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

33. Fair value of financial instruments (cont'd)

The following methods and assumptions were used to estimate the fair value:

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM118,300,000 (2015: RM118,300,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

At the reporting date, approximately 53% (2015: 43%) of the Group's trade receivables were due from 2 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with financial liabilities that are settled by delivery of cash or another financial assets. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 49% (2015: 48%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

(i) The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted amounts.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2016				
Group				
Financial liabilities:				
Trade and other payables	31,828	-	-	31,828
Loans and borrowings	69,234	65,026	10,886	145,146
Total undiscounted financial liabilities	101,062	65,026	10,886	176,974
Company				
Financial liabilities:				
Trade and other payables	49,272	-	-	49,272
Loans and borrowings	28,591	19,879	10,886	59,356
Total undiscounted financial liabilities	77,863	19,879	10,886	108,628
2015				
Group				
Financial liabilities:				
Trade and other payables	23,200	-	-	23,200
Loans and borrowings	74,718	73,772	12,668	161,158
Total undiscounted financial liabilities	97,918	73,772	12,668	184,358
Company				
Financial liabilities:				
Trade and other payables	33,037	-	-	33,037
Loans and borrowings	33,483	19,324	7,538	60,345
Total undiscounted financial liabilities	66,520	19,324	7,538	93,382

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (continued)

(ii) At the reporting date, all the Company's financial liabilities which based on contractual undiscounted amounts are due either on demand or settle within one year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM136,239 (2015: RM160,481) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in AUD, Euro and GBP) amounted to RM6.5 million (2015: RM7.4 million).

34. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the AUD, Euro and GBP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease) in Profit Net of Tax	
	Group	
	2016 RM	2015 RM
AUD/RM		
- strengthened 5% (2015: 5%)	(310,057)	(315,431)
- weakened 5% (2015: 5%)	310,057	315,431
Euro/RM		
- strengthened 5% (2015: 5%)	(3,382)	(41,735)
- weakened 5% (2015: 5%)	3,382	41,735
GBP/RM		
- strengthened 5% (2015: 5%)	(7,524)	(8,976)
- weakened 5% (2015: 5%)	7,524	8,976

(e) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops.

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM1,102,296 (2015: RM2,360,633) higher/lower.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptance level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

		Group		**Company**	
		2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Loans and borrowings	23	130,119	142,669	53,150	55,150
Trade and other payables	24	31,828	23,200	49,272	33,037
Less: Cash and cash equivalents	22	(19,365)	(22,656)	(467)	(846)
Net debt		142,582	143,213	101,955	87,341
Capital:					
Equity attributable to owners of the parent		473,829	457,251	328,496	331,679
Capital and net debt		616,411	600,464	430,451	419,020
Gearing ratio		23%	24%	24%	21%

36. Segment information

For management purposes, the Group is organised into business units based on their product and services, and has three reportable operating segments as follows:

(i) Plantation - Cultivation oil palm
(ii) Mill - Milling and sale of oil palm products
(iii) Power plant - Power generation and sale biomass by-products
(iv) All other segments - Extraction and sale of earth stones and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segment information (cont'd)

	Plantation		Mill		Power plant		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000		2016 RM'000	2015 RM'000
Revenue:													
External customers	18,552	9,872	195,508	169,169	39,380	48,064	1,228	1,116	-	-		254,668	228,221
Inter-segment	47,757	48,021	-	-	1,685	2,222	489	3,840	(49,931)	(54,083)	A	-	-
Total revenue	66,309	57,893	195,508	169,169	41,065	50,286	1,717	4,956	(49,931)	(54,083)		254,668	228,221
Results:													
Interest income	381	401	2,512	2,331	6,652	6,311	3,350	2,329	(5,629)	(4,594)		7,266	6,778
Depreciation and amortisation	2,693	2,671	2,836	2,856	754	1,001	568	553	467	536		7,318	7,617
Segment profit	28,469	20,633	2,257	6,598	11,469	5,824	5,305	14,773	(16,778)	(29,998)	B	30,722	17,830
Assets:													
Additions to non-current assets	4,029	9,460	2,480	4,686	1,953	9,351	30	376	-	(220)	C	8,492	23,653
Segment assets	360,279	353,773	84,697	86,180	176,798	159,513	81,692	86,593	3,204	3,423	D	706,670	689,482
Liabilities:													
Segment liabilities	7,183	5,954	33,057	30,270	67,266	70,542	56,613	59,563	50,293	48,079	E	214,412	214,408

36. Segment information (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

C Additions to non-current assets consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment	6,287	21,761
Biological assets	2,205	1,892
	8,492	23,653

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Deferred tax assets	3,204	3,423

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Deferred tax liabilities	50,293	48,079

Geographical information

No geographical information has been provided as the Group activities are predominantly in Malaysia.

Information about major customers

Revenue from two (2015: two) major customers amount to RM90,911,195 (36% of revenue) and RM80,118,635 (32% of revenue) respectively (2015: RM92,529,550 (41% of revenue) and RM64,531,677 (28% of revenue)) arising from mill segment.

37. Significant events

(i) On 14 June 2016, a wholly-owned subsidiary of the Company, Suara Baru Sdn Bhd (SB) has been served with a Writ of Summons issued in the High Court in Sabah and Sarawak at Sandakan.

SB is the sub-lessee of 33 lots of land totalling approximately 500 acres situated in Sungai Sekong in the District of Sandakan, Sabah with a lease term of 99 years from year 1997 to 2096 by Suwaya (1st Defendant). The said lands had been transferred to the 1st Defendant by their previous 33 owners, including Yuh @ Abdul Salleh Bin Pompulu ("Plaintiff"). The said lands was recognised as lease rental payable by the Group amounting to RM99,357.

The Plaintiff now, on his behalf and the other 32 previous owners, allege that the transfer of the said lands to the 1st Defendant was through forged documents and therefore the said transfer is null and void and thus, the sublease to SB is likewise null and void.

The Board of Directors of the Company is of the view that the suit will have no immediate material financial and operational impact on the Company as the Company expects that pursuant to the facts of the case, the documents presently available and the advice of its solicitors, the Company has a good defence against the Plaintiff's claim. SB had filed their defence in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016.

On 1 December 2016, High Court in Sabah and Sarawak has dismissed the application on the ground that this was not a proper case to be disposed of by way of affidavit evidence.

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court. The Court fixed the next mention on this case on 26 April 2017 for the parties to update the Court on the progress of the appeal.

(ii) On 3 May 2016, Carbon Asia Pacific Pty Ltd ("CAP"), a subsidiary of Hikayat Anggun Sdn. Bhd., which in turn a wholly-owned subsidiary of the Company, was deregistered following an application to The Australian Securities and Investments Commission ("Deregistration").

CAP was incorporated on 20 January 2009 in Victoria, Australia with an authorised and paid up share capital of AUD$100 divided into 100 shares of AUD$1 each.

The Deregistration is not expected to result in any gain or loss or have any significant effect on the earnings or net assets per share of the Group for the financial year ending 31 December 2016.

38. Comparative information

During the financial year, the directors have assessed that the short term deposits with licensed banks are not cash and cash equivalents.

The effects of this adjustment to the statement of cash flows of the Group for the prior periods are as follows:

Group	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Financial year ended 31 December 2015:			
Placements of fixed deposits	(18)	(591)	(609)
Net cash flows from financing activities	8,361	(591)	7,770
Net increase/(decrease) in cash and cash equivalents	1,173	(591)	582
Cash and cash equivalents at beginning of year	23,282	(1,380)	21,902
Cash and cash equivalents at end of year	24,627	(1,971)	22,656

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 28 March 2017.

40. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	218,567	193,520	21,085	24,387
- Unrealised	4,188	7,200	62	(57)
	222,755	200,720	21,147	24,330
Less: Consolidation adjustments	(54,546)	(49,022)	-	-
Retained earnings as per financial statements	168,209	151,698	21,147	24,330

List of Properties of the Group as at 31 December 2016

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2016 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation	16,974	2001
	Off KM 63.7,		2070	30.607	hectares	& Oil Mill		
	Sandakan-Lahad Datu Highway		2074	8.010	hectares			
			2075	207.991	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			
	Kolapis-Beluran Area	Perpetuity						
	District of Labuk Sugut	(Sublease 99 years)	2097	6.435	hectares			
		Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
				408.725	**hectares**			
	Prolific Yield	Under Sub Division	2081	**167.220**	**Sq.M**	Double Storey	131	2002
	Lot 38, Block C	Leasehold 99 years				Terrace Shoplot		
	Taman Indah Jaya Phase 4A,	(Parent title TL077552035)						
	Mile 4, Jalan Utara, Sandakan							
2	Melabau, Suara Baru, Gelang Usaha	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	602	2002
	0.2 KM East of KM 96,		2078	17.110	hectares	Oil Palm Plantation	35,434	2001
	Sandakan-Lahad Datu Highway		2079	260.780	hectares	& Quarry		
			2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity						
		(Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	1.842	hectares	Plantable Reserve		
				1,644.396	**hectares**			
3	Sri Likas Mewah, Ultisearch Trading							
	2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,802	2001
			2094	386.100	hectares			
			2096	168.700	hectares			
			2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,855	2001
	Bukit Garam/Sg. Lokan		2087	400.000	hectares			
	Off KM 76.5, Sandakan-Lahad Highway			**550.300**	**hectares**			
5	Cepatwawasan & Kovusak	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	40,215	2001
	KM 4.5, Jalan Beluran		2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			
6	Razijaya & Sugguh Mulia	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation,	14,964	2001
	Sungai-Sungai Locality,					Quarry &		
	99 KM North-West of Sandakan					Plantable Reserve		

List of Properties of the Group as at 31 December 2016 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 RM'000	Year Acquired
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	41,026	2003
8	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg.Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	7,310	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,247	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386 Sq.M**	Three Storey Shop/Office	1,256	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	176	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	184	2011
	Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**122.140 Sq.M**	Eight Storey Condominium	468	2015
	Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**105.140 Sq.M**	Eight Storey Condominium	390	2015
11	Mistral Engineering Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	367	2012
12	Cash Horse Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	6,778	2012

List of Properties of the Group as at 31 December 2016 (cont'd)

Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 RM'000	Date of Last Revaluation
13 Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq.M**	High-end residential property	7,230	2016
Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq.M**	High-end residential property	7,075	2016
Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq.M**	High-end residential property	7,229	2016
Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq.M**	High-end residential property	7,081	2016
Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq.M**	High-end residential property	7,127	2016
Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq.M**	High-end residential property	6,958	2016

Statistical Report as at 31 March 2017

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,479,200)
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share
No. of Shareholders	:	7,433
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	72	0.968	3,075	0.000
100 to 1,000	532	7.157	362,844	0.117
1,001 to 10,000	4,193	56.410	21,763,438	7.043
10,001 to 100,000	2,342	31.508	70,161,564	22.708
100,001 to 15,448,349 (*)	292	3.928	111,789,639	36.181
15,448,350 AND ABOVE (**)	2	0.026	104,886,450	33.947
TOTAL :	**7,433**	**100.000**	**308,967,010**	**100.000**

* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 31 March 2017

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%	
MHC Plantations Bhd	88,831,200	28.75	30,000,000	9.71	(1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,831,200	38.46	(2)
Tan Sri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(2)
Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(2)
Datin Seri Ooi Ah Thin	-	-	118,831,200	38.46	(2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51	(3)

Notes:

1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Yew Lee Holdings Sdn Berhad and Hutan Melintang Plantations Sdn Berhad*
2. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his/her shareholdings in MHC Plantations Bhd.*
3. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Hutan Melintang Plantations Sdn Berhad*

TOTAL ISSUED SHARES AS AT 31 MARCH 2017 : 318,446,210
TREASURY SHARES AS AT 31 MARCH 2017 : 9,479,200
'ADJUSTED' CAPITAL AFTER NETTING TREASURY SHARES AS AT 31 MARCH 2017 : 308,967,010

Statistical Report as at 31 March 2017 (cont'd)

LIST OF DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 31 March 2017

Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
1 Tan Sri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(1)
2 Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(1)
3 Chua Kim Yin	-	-	-	-	
4 Chan Kam Leong	-	-	540,000	0.17	(2)
5 Choong Pak Wan	15,000	-	-	-	

Notes:
1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his shareholdings in MHC Plantations Bhd.*
2. *Deemed interested pursuant to Section 59 of the Companies Act 2016 by virtue his spouse's interest.*

TOTAL ISSUED SHARES AS AT 31 MARCH 2017 : 318,446,210
TREASURY SHARES AS AT 31 MARCH 2017 : 9,479,200
'ADJUSTED' CAPITAL AFTER NETTING TREASURY SHARES AS AT 31 MARCH 2017 : 308,967,010

LIST OF TOP 30 HOLDERS as at 31 March 2017

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD.	88,831,200	28.751
2	YEW LEE HOLDINGS SDN. BERHAD	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN. BERHAD	13,944,750	4.513
4	JUWITAWAN SDN BHD	4,873,050	1.577
5	TLK CAPITAL SDN. BHD.	4,400,000	1.424
6	LI NAI KWONG	3,704,913	1.199
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	2,850,000	0.922
8	GAN HONG LIANG	2,057,250	0.665
9	TEEN INN HOON	1,600,000	0.517
10	LEE GUAN HUAT	1,549,850	0.501
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PBCL-0G0161)*	1,350,000	0.436
12	MKW JAYA SDN. BHD.	1,328,250	0.429
13	AFFIN HWANG NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)*	1,196,950	0.387

LIST OF TOP 30 HOLDERS as at 31 March 2017 (cont'd)

No.	Names	Holdings	%
14	MERCSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA*	1,180,000	0.381
15	TAN LEE GIEOK	1,130,000	0.365
16	KONG SIAU LING @ NATALIE	1,100,000	0.356
17	KONG YEE LING	1,100,000	0.356
18	TAN AIK CHOON	1,008,400	0.326
19	CHENG GEK HONG	975,000	0.315
20	ROVENT SDN. BHD.	968,100	0.313
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR YEW BOON HEAN (YEW0048C)*	955,550	0.309
22	CHYE AH LAM @ CHAI MING SENG	938,000	0.303
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	900,000	0.291
24	LAM SO HA @ LIM CHONG SWEE	862,600	0.279
25	LEE MENG GEN	860,000	0.278
26	TEE LIP SIN	844,300	0.273
27	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD*	800,000	0.258
28	LAW PEY NGET	795,750	0.257
29	HOE SENG COMPANY PTE LIMITED	750,000	0.242
30	NEE KOCK @ LOO SEK CHOY	750,000	0.242
	TOTAL	**159,659,163**	**51.675**

CEPAT CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

Form of Proxy

CDS Account No.	No of Shares Held

I/We ______________________________ (BLOCK LETTERS)

NRIC No./Company No. ______________________________ of

____

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares to be represented by proxy
1. ______________________________	______________
2. ______________________________	______________

or failing him/her,

1. ______________________________	______________
2. ______________________________	______________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 17 May 2017 at 11.00 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	**AGAINST**
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________ day of ______________________ , 2017

____
Signature / Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 9 May 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend, speak and vote at the same meeting. A proxy may but need not be a member of the Company.

(c) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

(g) Form of Proxy sent through facsimile transmission shall not be accepted.

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Stamp

CEPATWAWASAN GROUP BERHAD (536499-K)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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